



Westonaria Local Municipality  
Annual Financial Statements for  
the year ended June 30, 2014

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## General Information

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<b>Legal form of entity</b>	Westonaria Local Municipality
<b>The following is included in the scope of operation</b>	Service delivery Municipal Finance Management Act (No. 56 of 2003)
<b>Grading of local authority</b>	Medium Capacity
<b>Mayoral committee</b>	
Executive Mayor	Cllr N. Tundzi-Hawu
Councillors	Cllr T.A Mncube (MMC Public Safety) Cllr G. Khoza (MMC ID&P) Cllr A. Gela (MMC Health and Social Development) Cllr A. Ntshiba (MMC Finance) Cllr M. Mkhumbuzi (MMC Corporate) Cllr N. Khenene (MMC Human Settlement)
<b>Speaker</b>	Cllr S Monoane
<b>Ward Coucillors</b>	Cllr M. Ngamtwinini (Ward 1) Cllr M. Jokazi (Ward 2) Cllr A. Sityebi (Ward 3) Cllr N. Mkhubuzi (Ward 4) Cllr P. Mkhugekwana (Ward 5) Cllr P. De Jager (Ward 6) Cllr N.Dyase (Ward 7) Cllr E. Molatlhwa (Ward 8) Cllr S. Kolo (Ward 9) Cllr TS. Mngomezulu (Ward 10) Cllr S.Khenene (Ward 11) Cllr D. Mampe (Ward 12) Cllr I. Merabe (Ward 13) Cllr K. Ncele (Ward 14) Cllr T.A. Mncube (Ward 15) Cllr G. Khoza (Ward 16)
<b>PR. Councillors</b>	Cllr S. Ngweentsha Cllr T. Nkwatheni Cllr M. Mthimkhulu Cllr N. Baza Cllr V. Lwabi Cllr D. Molebatsi Cllr D. Ndzipho Cllr V. Graan Cllr J. Letlhake Cllr C. Turner Cllr C. Seitheiso
<b>Accounting Officer</b>	T. C. Ndlovu
<b>Chief Finance Officer (CFO)</b>	V.B. Mkhefa
<b>Registered office</b>	Corner Neptune and Saturnus Civic Centre Westonaria

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## General Information

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	1780
<b>Business address</b>	Corner Neptune and Saturnus Civic Centre Westonaria 1780
<b>Postal address</b>	P. O. Box 19 Westonaria 1780
<b>Bankers</b>	ABSA Public Sector
<b>Auditors</b>	Auditor General (Gauteng)
<b>Attorneys</b>	Ben Van Niekerk

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

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### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

# **Westonaria Local Municipality**

Annual Financial Statements for the year ended June 30, 2014

## **Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 6 to 78, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2014 and were signed on its behalf by:

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**Accounting Officer**  
**T.C. Ndlovu**

**Westonaria**  
**Sunday, August 31, 2014**

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Officer's Report

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The accounting officer submits his report for the year ended June 30, 2014.

### 1. Review of activities

#### Main business and operations

##### Proportion of income and loss attributable to various classes of business:

#### 2014

Classes of business	Proportion of contribution to income
Electricity	15 %
Water	21 %
Sewerage purification	3 %
Refuse removal	2 %

#### 2013

Classes of business	Proportion of contribution to income
Electricity	16 %
Water	22 %
Sewerage purification	4 %
Refuse removal	1 %

### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

### 4. Accounting policies

The annual financial statements were prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

### 5. Non-current assets

Details of major changes in the nature of the non-current assets of the municipality during the year are set out in notes 3, 6, 9 and 10 of the financials. There were no changes in the policy relating to the use of non-current assets.

### 6. Secretary

The secretarial function was performed by the department of Corporate Services.

### 7. Bankers

ABSA Bank, Westonaria branch  
ABSA Public Sector

### 8. Auditors

Auditor General (Gauteng) will continue in office for the next financial period.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Financial Position as at June 30, 2014

Figures in Rand	Note(s)	2014	2013 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	9	7,684,172	1,010,015
Other receivables from exchange transactions	6	5,647,534	6,370,777
Other receivables from non-exchange transactions	7	4,232,966	101,153
VAT receivable	10	-	431,429
Trade receivables from exchange transactions	4	46,901,105	25,400,400
Trade receivables from non exchange transactions	5	10,946,962	3,069,844
Cash and cash equivalents	3	21,171,068	6,909,499
		<b>96,583,807</b>	<b>43,293,117</b>
<b>Non-Current Assets</b>			
Investment property	11	65,805,951	69,831,388
Property, plant and equipment	12	1,507,584,486	1,564,127,159
Intangible assets	13	344,954	392,645
Long term debtors	8	3,954,644	5,318,747
		<b>1,577,690,035</b>	<b>1,639,669,939</b>
<b>Total Assets</b>		<b>1,674,273,842</b>	<b>1,682,963,056</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Long term loans	21	7,826,370	10,373,768
Payables from exchange transactions	14	128,564,643	100,330,618
VAT payable		2,658,980	-
Consumer deposits	17	10,060,332	2,514,847
Employee benefit obligation	20	3,697,000	2,993,000
Unspent conditional grants and receipts	16	16,716,459	3,376,251
Provisions	18	10,034,830	13,412,219
Deferred income	15	593,121	-
Bank overdraft	3	13,714,857	6,150,021
		<b>193,866,592</b>	<b>139,150,724</b>
<b>Non-Current Liabilities</b>			
Long term loans	21	11,266,168	16,492,535
Employee benefit obligation	20	58,430,000	50,873,000
Provisions	18	41,113,883	35,391,303
		<b>110,810,051</b>	<b>102,756,838</b>
<b>Total Liabilities</b>		<b>304,676,643</b>	<b>241,907,562</b>
<b>Net Assets</b>		<b>1,369,597,199</b>	<b>1,441,055,494</b>
Accumulated surplus		1,369,597,199	1,441,055,494



# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	24	212,518,782	191,590,984
Rental of facilities and equipment		353,986	386,870
Licences and permits		17,912,386	17,024,009
Fees earned	26	402,893	382,998
Other income	27	2,434,111	1,299,602
Reversal of impairment	28	22,721,903	-
Interest income	22	6,195,117	14,798,501
<b>Total revenue from exchange transactions</b>		<b>262,539,178</b>	<b>225,482,964</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	23	27,647,144	31,401,676
<b>Transfer revenue</b>			
Government grants & subsidies	30	190,054,182	172,465,858
Public contributions and donations	29	5,685,382	1,594,276
Fines		20,764,700	28,086,000
<b>Total revenue from non-exchange transactions</b>		<b>244,151,408</b>	<b>233,547,810</b>
<b>Total revenue</b>	22	<b>506,690,586</b>	<b>459,030,774</b>
<b>Expenditure</b>			
Employee related cost	32	(123,782,516)	(105,800,709)
Remuneration of councillors	33	(10,400,948)	(10,694,671)
Internal charges		(8,508,484)	(1,331,481)
Depreciation and amortisation	34	(120,440,347)	(116,389,676)
Finance costs	35	(7,771,049)	(6,946,759)
Debt impairment	36	(33,449,824)	(68,970,337)
Collection costs		(4,450,689)	(4,078,226)
Repairs and maintenance		(4,114,689)	(7,316,430)
Bulk purchases	37	(185,508,807)	(145,336,951)
Contracted services	38	(21,221,765)	(16,635,311)
Interest paid on late payments	39	(9,499,127)	(4,666,490)
General Expenses	40	(49,125,580)	(50,684,489)
<b>Total expenditure</b>		<b>(578,273,825)</b>	<b>(538,851,530)</b>
<b>Operating deficit</b>	41	<b>(71,583,239)</b>	<b>(79,820,756)</b>
Fair value adjustments	42	2,493,319	(7,386,724)
Actuarial losses		(3,323,610)	(9,070,934)
		<b>(830,291)</b>	<b>(16,457,658)</b>
<b>Deficit for the year</b>		<b>(72,413,530)</b>	<b>(96,278,414)</b>

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at July 01, 2012</b>	<b>1,537,333,908</b>	<b>1,537,333,908</b>
Changes in net assets		
Deficit for the year	(96,278,414)	(96,278,414)
Total changes	(96,278,414)	(96,278,414)
Opening balance as previously reported	1,250,187,519	1,250,187,519
Adjustments		
Change in accounting policy (Refer to note 48)	18,360,169	18,360,169
Prior year adjustments (Refer to note 48)	173,463,041	173,463,041
<b>Restated* Balance at July 01, 2013 as restated*</b>	<b>1,441,055,494</b>	<b>1,441,055,494</b>
Changes in net assets		
Surplus for the year	(72,413,530)	(72,413,530)
Total changes	(72,413,530)	(72,413,530)
<b>Balance at June 30, 2014</b>	<b>1,369,597,199</b>	<b>1,369,597,199</b>
Note(s)		

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Cash Flow Statement

Figures in Rand	Note(s)	2014	2013 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		321,268,348	312,878,347
Grants		206,770,641	175,842,109
Interest income		852,245	550,750
Public contributions and donations		5,685,382	1,594,276
Other receipts		2,436,339	1,299,602
Consumer deposits		-	(271,393)
		<u>537,012,955</u>	<u>491,893,691</u>
<b>Payments</b>			
Employee costs		(134,183,640)	(116,495,380)
Suppliers		(283,623,351)	(243,133,070)
Finance costs		(12,244,944)	(7,443,993)
		<u>(430,051,935)</u>	<u>(367,072,443)</u>
<b>Net cash flows from operating activities</b>	44	<b><u>83,466,352</u></b>	<b><u>124,821,248</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(68,995,854)	(100,056,100)
Purchase of other intangible assets	13	-	(368,356)
<b>Net cash flows from investing activities</b>		<b><u>(68,995,854)</u></b>	<b><u>(100,424,456)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from long term loans		-	14,000,000
Repayment of long term loans		(7,773,765)	(7,640,522)
<b>Net cash flows from financing activities</b>		<b><u>(7,773,765)</u></b>	<b><u>6,359,478</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>6,696,733</u></b>	<b><u>30,756,270</u></b>
Cash and cash equivalents at the beginning of the year		759,478	(29,996,792)
<b>Cash and cash equivalents at the end of the year</b>	3	<b><u>7,456,211</u></b>	<b><u>759,478</u></b>

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	255,630,000	(60,936,000)	<b>194,694,000</b>	212,518,782	<b>17,824,782</b>	Refer to appendix E1 for detailed explanation
Rental of facilities and equipment	153,000	-	<b>153,000</b>	353,986	<b>200,986</b>	Refer to appendix E1 for detailed explanation
Interest received (Investments)	578,000	-	<b>578,000</b>	852,249	<b>274,249</b>	Refer to appendix E1 for detailed explanation
Income from agency services	-	2,933,000	<b>2,933,000</b>	-	<b>(2,933,000)</b>	Refer to appendix E1 for detailed explanation
Licences and permits	19,908,000	(14,902,000)	<b>5,006,000</b>	17,912,386	<b>12,906,386</b>	Refer to appendix E1 for detailed explanation
Fees earned	-	-	-	402,893	<b>402,893</b>	Refer to appendix E1 for detailed explanation
Other income	7,686,000	33,671,000	<b>41,357,000</b>	2,434,111	<b>(38,922,889)</b>	Refer to appendix E1 for detailed explanation
Reversal of impairment	-	-	-	22,721,903	<b>22,721,903</b>	Refer to appendix E1 for detailed explanation
Interest- outstanding receivables	17,523,000	(17,523,000)	-	5,342,868	<b>5,342,868</b>	Refer to appendix E1 for detailed explanation
<b>Total revenue from exchange transactions</b>	<b>301,478,000</b>	<b>(56,757,000)</b>	<b>244,721,000</b>	<b>262,539,178</b>	<b>17,818,178</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	36,195,209	-	<b>36,195,209</b>	27,647,144	<b>(8,548,065)</b>	Refer to appendix E1 for detailed explanation

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Reference
Figures in Rand						
Government grants & subsidies	187,996,000	-	<b>187,996,000</b>	190,054,182	<b>2,058,182</b>	Refer to appendix E1 for detailed explanation
<b>Transfer revenue</b>						
Public contributions and donations	-	-	-	5,685,382	<b>5,685,382</b>	Refer to appendix E1 for detailed explanation
Fines	5,202,000	210,000	<b>5,412,000</b>	20,764,700	<b>15,352,700</b>	Refer to appendix E1 for detailed explanation
<b>Total revenue from non-exchange transactions</b>	<b>229,393,209</b>	<b>210,000</b>	<b>229,603,209</b>	<b>244,151,408</b>	<b>14,548,199</b>	
<b>Total revenue</b>	<b>530,871,209</b>	<b>(56,547,000)</b>	<b>474,324,209</b>	<b>506,690,586</b>	<b>32,366,377</b>	
<b>Expenditure</b>						
Personnel	(126,583,000)	3,543,000	<b>(123,040,000)</b>	(123,782,516)	<b>(742,516)</b>	Refer to appendix E1 for detailed explanation
Remuneration of councillors	(10,865,000)	1,575,000	<b>(9,290,000)</b>	(10,400,948)	<b>(1,110,948)</b>	Refer to appendix E1 for detailed explanation
Internal charges	-	-	-	(8,508,484)	<b>(8,508,484)</b>	Refer to appendix E1 for detailed explanation
Depreciation and amortisation	(8,529,000)	(54,000,000)	<b>(62,529,000)</b>	(120,440,347)	<b>(57,911,347)</b>	Refer to appendix E1 for detailed explanation
Finance costs	(9,301,000)	(5,769,000)	<b>(15,070,000)</b>	(7,771,049)	<b>7,298,951</b>	Refer to appendix E1 for detailed explanation
Debt impairment	(20,497,000)	-	<b>(20,497,000)</b>	(33,449,824)	<b>(12,952,824)</b>	Refer to appendix E1 for detailed explanation
Collection costs	(7,809,000)	-	<b>(7,809,000)</b>	(4,450,689)	<b>3,358,311</b>	Refer to appendix E1 for detailed explanation
Repairs and maintenance	(10,766,000)	(16,306,000)	<b>(27,072,000)</b>	(4,114,689)	<b>22,957,311</b>	Refer to appendix E1 for detailed explanation
Bulk purchases	(183,470,000)	21,800,000	<b>(161,670,000)</b>	(185,508,807)	<b>(23,838,807)</b>	Refer to appendix E1 for detailed explanation

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Reference
Figures in Rand						
Contracted Services	(13,017,000)	3,001,000	<b>(10,016,000)</b>	(21,221,765)	<b>(11,205,765)</b>	Refer to appendix E1 for detailed explanation
Interest paid on late payments	(5,011,265)	5,011,265	-	(9,499,127)	<b>(9,499,127)</b>	Refer to appendix E1 for detailed explanation
General Expenses	(57,097,000)	59,778,000	<b>2,681,000</b>	(49,125,580)	<b>(51,806,580)</b>	Refer to appendix E1 for detailed explanation
<b>Total expenditure</b>	<b>(452,945,265)</b>	<b>18,633,265</b>	<b>(434,312,000)</b>	<b>(578,273,825)</b>	<b>(143,961,825)</b>	
<b>Operating deficit</b>	<b>77,925,944</b>	<b>(37,913,735)</b>	<b>40,012,209</b>	<b>(71,583,239)</b>	<b>(111,595,448)</b>	
Fair value adjustments	-	-	-	2,493,319	<b>2,493,319</b>	Refer to appendix E1 for detailed explanation
Actuarial gains/ losses	-	-	-	(3,323,610)	<b>(3,323,610)</b>	Refer to appendix E1 for detailed explanation
	-	-	-	<b>(830,291)</b>	<b>(830,291)</b>	
<b>Deficit before taxation</b>	<b>77,925,944</b>	<b>(37,913,735)</b>	<b>40,012,209</b>	<b>(72,413,530)</b>	<b>(112,425,739)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>77,925,944</b>	<b>(37,913,735)</b>	<b>40,012,209</b>	<b>(72,413,530)</b>	<b>(112,425,739)</b>	

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Reference
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Figures in Rand

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	-	-	-	7,684,172	<b>7,684,172</b>
Other receivables from exchange transactions	-	-	-	5,647,534	<b>5,647,534</b>
Other receivables from non-exchange transactions	-	-	-	4,232,966	<b>4,232,966</b>
Consumer debtors	73,946,000	(34,545,000)	<b>39,401,000</b>	46,901,105	<b>7,500,105</b>
Trade receivables from non-exchange transactions	-	-	-	10,946,962	<b>10,946,962</b>
Cash and cash equivalents	2,919,000	54,531,000	<b>57,450,000</b>	21,171,068	<b>(36,278,932)</b>
	<b>76,865,000</b>	<b>19,986,000</b>	<b>96,851,000</b>	<b>96,583,807</b>	<b>(267,193)</b>

##### Non-Current Assets

Investment property	-	72,375,000	<b>72,375,000</b>	65,805,951	<b>(6,569,049)</b>
Property, plant and equipment	1,388,788,000	36,806,000	<b>1,425,594,000</b>	1,507,584,486	<b>81,990,486</b>
Intangible assets	-	-	-	344,954	<b>344,954</b>
Long term debtors	-	-	-	3,954,644	<b>3,954,644</b>
	<b>1,388,788,000</b>	<b>109,181,000</b>	<b>1,497,969,000</b>	<b>1,577,690,035</b>	<b>79,721,035</b>

#### Total Assets

<b>1,465,653,000</b>	<b>129,167,000</b>	<b>1,594,820,000</b>	<b>1,674,273,842</b>	<b>79,453,842</b>
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#### Liabilities

##### Current Liabilities

Long term loans	10,553,000	3,000,000	<b>13,553,000</b>	7,826,370	<b>(5,726,630)</b>
Payables from exchange transactions	123,318,000	(57,597,000)	<b>65,721,000</b>	128,564,643	<b>62,843,643</b>
VAT payable	-	-	-	2,658,980	<b>2,658,980</b>
Consumer deposits	-	2,839,000	<b>2,839,000</b>	10,060,332	<b>7,221,332</b>
Employee benefit obligation	-	-	-	3,697,000	<b>3,697,000</b>
Unspent conditional grants and receipts	-	-	-	16,716,459	<b>16,716,459</b>
Provisions	-	5,456,000	<b>5,456,000</b>	10,034,830	<b>4,578,830</b>
Deferred income	-	-	-	593,121	<b>593,121</b>
Bank overdraft	-	-	-	13,714,857	<b>13,714,857</b>
	<b>133,871,000</b>	<b>(46,302,000)</b>	<b>87,569,000</b>	<b>193,866,592</b>	<b>106,297,592</b>

##### Non-Current Liabilities

Long term loans	6,231,000	-	<b>6,231,000</b>	11,266,168	<b>5,035,168</b>
Employee benefit obligation	-	-	-	58,430,000	<b>58,430,000</b>
Provisions	30,484,000	-	<b>30,484,000</b>	41,113,883	<b>10,629,883</b>
	<b>36,715,000</b>	-	<b>36,715,000</b>	<b>110,810,051</b>	<b>74,095,051</b>

#### Total Liabilities

<b>170,586,000</b>	<b>(46,302,000)</b>	<b>124,284,000</b>	<b>304,676,643</b>	<b>180,392,643</b>
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#### Net Assets

<b>1,295,067,000</b>	<b>175,469,000</b>	<b>1,470,536,000</b>	<b>1,369,597,199</b>	<b>(100,938,801)</b>
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# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Reference
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Figures in Rand

### Net Assets

#### Net Assets Attributable to Owners of Controlling Entity

#### Reserves

Accumulated surplus	1,295,067,000	175,469,000	<b>1,470,536,000</b>	1,369,597,199	<b>(100,938,801)</b>	
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# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Reference
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Figures in Rand

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Sale of goods and services	240,145,000	26,828,000	<b>266,973,000</b>	321,268,348	<b>54,295,348</b>
Grants	187,996,000	-	<b>187,996,000</b>	212,456,023	<b>24,460,023</b>
Interest income	4,258,000	(3,908,000)	<b>350,000</b>	852,249	<b>502,249</b>
Other income	-	-	-	2,436,339	<b>2,436,339</b>
Consumer deposits	324,000	-	<b>324,000</b>	-	<b>(324,000)</b>
	<b>432,723,000</b>	<b>22,920,000</b>	<b>455,643,000</b>	<b>537,012,959</b>	<b>81,369,959</b>

##### Payments

Employee costs	(137,448,000)	5,118,000	<b>(132,330,000)</b>	(134,161,994)	<b>(1,831,994)</b>
Suppliers	(199,990,000)	9,882,000	<b>(190,108,000)</b>	(283,623,351)	<b>(93,515,351)</b>
Finance costs	(9,301,000)	5,769,000	<b>(3,532,000)</b>	(12,244,944)	<b>(8,712,944)</b>
	<b>(346,739,000)</b>	<b>20,769,000</b>	<b>(325,970,000)</b>	<b>(430,051,935)</b>	<b>(104,081,935)</b>

<b>Net cash flows from operating activities</b>	<b>85,984,000</b>	<b>43,689,000</b>	<b>129,673,000</b>	<b>83,466,352</b>	<b>(46,206,648)</b>
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#### Cash flows from investing activities

Purchase of property, plant and equipment	(82,594,000)	4,801,000	<b>(77,793,000)</b>	(68,995,854)	<b>8,797,146</b>
Proceeds from sale of property, plant and equipment	251,000	-	<b>251,000</b>	-	<b>(251,000)</b>
Proceeds from sale of long term debtors	481,000	-	<b>481,000</b>	-	<b>(481,000)</b>

<b>Net cash flows from investing activities</b>	<b>(81,862,000)</b>	<b>4,801,000</b>	<b>(77,061,000)</b>	<b>(68,995,854)</b>	<b>8,065,146</b>
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#### Cash flows from financing activities

Repayment of long term loans	(10,194,000)	-	<b>(10,194,000)</b>	(7,773,765)	<b>2,420,235</b>
Net increase/(decrease) in cash and cash equivalents	(6,072,000)	48,490,000	<b>42,418,000</b>	6,696,733	<b>(35,721,267)</b>
Cash and cash equivalents at the beginning of the year	5,327,000	-	<b>5,327,000</b>	759,478	<b>(4,567,522)</b>

<b>Cash and cash equivalents at the end of the year</b>	<b>(745,000)</b>	<b>48,490,000</b>	<b>47,745,000</b>	<b>7,456,211</b>	<b>(40,288,789)</b>
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## Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

### Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2014</b>											
<b>Financial Performance</b>											
Property rates	36,195,209	-	36,195,209	-		36,195,209	27,647,144		(8,548,065)	76 %	76 %
Service charges	255,630,081	(60,936,000)	194,694,081	-		194,694,081	212,518,782		17,824,701	109 %	83 %
Interest income	18,101,000	(17,523,000)	578,000	-		578,000	6,195,117		5,617,117	1,072 %	34 %
Transfers recognised - operational	115,514,000	-	115,514,000	-		115,514,000	117,224,870		1,710,870	101 %	101 %
Other own revenue	32,949,402	21,911,598	54,861,000	-		54,861,000	64,700,995		9,839,995	118 %	196 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>458,389,692</b>	<b>(56,547,402)</b>	<b>401,842,290</b>	<b>-</b>		<b>401,842,290</b>	<b>428,286,908</b>		<b>26,444,618</b>	<b>107 %</b>	<b>93 %</b>
Employee costs	(126,583,000)	3,543,000	(123,040,000)	-	-	(123,040,000)	(123,782,516)	(1,250,692)	(742,516)	101 %	98 %
Remuneration of councillors	(10,865,904)	1,575,904	(9,290,000)	-	-	(9,290,000)	(10,400,948)	(1,026,613)	(1,110,948)	112 %	96 %
Debt impairment	(20,497,000)	-	(20,497,000)			(20,497,000)	(33,449,824)	(13,581,051)	(12,952,824)	163 %	163 %
Depreciation and asset impairment	(8,529,000)	(54,000,000)	(62,529,000)			(62,529,000)	(120,440,347)	(56,471,000)	(57,911,347)	193 %	1,412 %
Finance charges	(9,301,468)	(5,768,532)	(15,070,000)	-	-	(15,070,000)	(7,771,049)	-	7,298,951	52 %	84 %
Materials and bulk purchases	(183,470,137)	21,800,137	(161,670,000)	-	-	(161,670,000)	(185,508,807)	(7,760,352)	(23,838,807)	115 %	101 %
Interest paid on late payments	(5,011,265)	5,011,265	-	-	-	-	(9,499,127)	-	(9,499,127)	DIV/0 %	190 %
Other expenditure	(88,689,215)	46,473,000	(42,216,215)	-	-	(42,216,215)	(87,421,207)	(33,748,673)	(45,204,992)	207 %	99 %
<b>Total expenditure</b>	<b>(452,946,989)</b>	<b>18,634,774</b>	<b>(434,312,215)</b>	<b>-</b>	<b>-</b>	<b>(434,312,215)</b>	<b>(578,273,825)</b>	<b>(113,838,381)</b>	<b>(143,961,610)</b>	<b>133 %</b>	<b>128 %</b>
<b>Surplus/(Deficit)</b>	<b>5,442,703</b>	<b>(37,912,628)</b>	<b>(32,469,925)</b>	<b>-</b>		<b>(32,469,925)</b>	<b>(149,986,917)</b>		<b>(117,516,992)</b>	<b>462 %</b>	<b>(2,756)%</b>

## Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

### Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	72,482,000	-	72,482,000	-		72,482,000	72,829,312		347,312	100 %	100 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	5,685,382		5,685,382	DIV/0 %	DIV/0 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>77,924,703</b>	<b>(37,912,628)</b>	<b>40,012,075</b>	<b>-</b>		<b>40,012,075</b>	<b>(71,472,223)</b>		<b>(111,484,298)</b>	<b>(179)%</b>	<b>(92)%</b>
Actuarial losses	-	-	-	-		-	3,323,610		3,323,610	DIV/0 %	DIV/0 %
Fair value adjustment	-	-	-	-		-	(2,493,319)		(2,493,319)	DIV/0 %	DIV/0 %
<b>Surplus/(Deficit) for the year</b>	<b>77,924,703</b>	<b>(37,912,628)</b>	<b>40,012,075</b>	<b>-</b>		<b>40,012,075</b>	<b>(72,302,514)</b>		<b>(112,314,589)</b>	<b>(181)%</b>	<b>(93)%</b>

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>2013</b>				
<b>Financial Performance</b>				
Property rates				31,401,676
Service charges				191,590,984
Interest income				14,798,501
Transfers recognised - operational				109,453,266
Other own revenue				47,179,479
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>394,423,906</b>
Employee costs	-	-	-	(105,800,709)
Remuneration of councillors	-	-	-	(10,694,671)
Debt impairment	-	-	-	(68,970,337)
Depreciation and asset impairment	-	-	-	(116,389,676)
Finance charges	-	-	-	(6,946,759)
Materials and bulk purchases	-	-	-	(145,336,951)
Transfers and grants	-	-	-	(4,666,490)
Other expenditure	-	-	-	(80,045,936)
<b>Total expenditure</b>	-	-	-	<b>(538,851,529)</b>
<b>Surplus/(Deficit)</b>				<b>(144,427,623)</b>
Transfers recognised - capital				63,012,592
Public contributions and donations				1,594,276
<b>Surplus (Deficit) after capital transfers and contributions</b>				<b>(79,820,755)</b>
Actuarial losses				9,070,934
Fair value adjustments				7,386,724
<b>Surplus/(Deficit) for the year</b>				<b>(96,278,413)</b>
<b>Capital expenditure and funds sources</b>				

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Cash flows</b>				
Net cash from (used) operating				122,417,952
Net cash from (used) investing				(98,021,160)
Net cash from (used) financing				6,359,478
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>30,756,270</b>
Cash and cash equivalents at the beginning of the year				(29,996,792)
<b>Cash and cash equivalents at year end</b>				<b>759,478</b>

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), *including any interpretations, guidelines and directives*, issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All financial information presented in Rand has been rounded to the nearest rand.

#### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### **Allowance for slow moving, damaged and obsolete stock**

An allowance for stock to write stock down to the lower of cost or net realisable value. Management assess the slow moving stock at year-end. The write down is included in the operation surplus note.

##### **Impairment testing**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as inflation and interest.

The Municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

##### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

#### Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefits payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20.

#### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

#### Allowance for doubtful debts

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Provision for bad debts is made on an annual basis. The amount to be provided will be determined by analysing the payment level trends and expensing an amount for non payment as contribution to the bad debt provision through the Statement of Financial Performance. The provision is made on an individual basis or group, based on expected cashflow. Significant financial difficulties of the debtor and default or delinquency in payments or all consumer debtors without payment for a 12 months period. When an under recovery occurs during the financial year an additional contribution for impairment is made at year end

### 1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). Unless the fair value of neither the asset received nor the asset given up is reliably measureable. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Water network	
• Reservoirs and Reticulation, mains and rights	20
• Meters	15
Sewerage	
• Outflow sewers, Sewer mains, Purification and Reticulation	20
• Sewerage pumps, Sludge machines	15
Roads	
• Bridges, subway and culverts	30
• Roads and storm , other	15-20
Electrical	
• Reticulation ,Meters, switch gear, control equipment, Mains	20
• Cooling towers, Power stations, Transformer kiosks	30
Community Assets	
• Recreational fascilities	20
• Buildings and other assets	30



# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

Other

• Motor vehicles	3-7
• Plant and equipments	2-15
• Emergency equipment	5-15
• Buildings	30
• IT equipments	3-5
• Office equipment	3-7
• Special vehicles	5-20

The residual value, the useful life and depreciation method of each asset are reviewed at least at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Property, plant and equipment which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

### 1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.6 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset. The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.7 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.7 Impairment of cash-generating assets (continued)

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

#### Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

# Westonaria Local Municipality

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## Accounting Policies

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### 1.7 Impairment of cash-generating assets (continued)

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

# Westonaria Local Municipality

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## Accounting Policies

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### 1.7 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.8 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

# Westonaria Local Municipality

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## Accounting Policies

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### 1.8 Impairment of non-cash-generating assets (continued)

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:  
[Specify criteria]

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

# Westonaria Local Municipality

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## Accounting Policies

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### 1.8 Impairment of non-cash-generating assets (continued)

#### Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.9 Financial instruments (continued)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### 1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.



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## Accounting Policies

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### 1.10 Leases (continued)

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. The aggregate benefit of incentives is recognised as a reduction of rental expense in the period in which they are incurred.

### 1.11 Long service award liability

The municipality's liability is based on an actuarial valuation. The projected unit credit method is used to value the liabilities.

Actuarial gains and losses on the long term service awards are recognised in the statement of financial performance.

### 1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.13 Employee benefits

Employee benefits are all forms of consideration given by the municipality in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.13 Employee benefits (continued)

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

#### Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality account for the plan as if it was a defined contribution plan.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.13 Employee benefits (continued)

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.13 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.13 Employee benefits (continued)

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.13 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

### 1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.14 Provisions and contingencies (continued)

#### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.7 and 1.8.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such. In the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs

### 1.15 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The municipality recognise prepaid service charges as revenue when prepaid water and electricity is sold to a customer.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

The Municipality recognises income collected from prepaid electricity at year end as deferred income since the significant risks and rewards of ownership of goods are not yet transferred to the purchaser.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

### 1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.



# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.17 Revenue from non-exchange transactions (continued)

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met. The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.17 Revenue from non-exchange transactions (continued)

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. The Municipality recognize fines as revenue in terms of IGrp 1 when a fine is issued. Fines constitute both spot Fines and summonses. The municipality makes use of estimates to determine the amount of revenue that is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by debtors

Revenue from the issuing of fines shall be recognised when:

- (a) it is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- (b) the amount of the revenue can be measured reliably.

An estimate should be made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses should be recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued

#### Services in-kind

Services in-kind are not recognised.

#### Collection charges and penalties

Collection charges and penalty interest is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with the relevant legal requirements (if applicable)

### 1.18 Other income

Interest income is recognised on a time-proportion basis using the effective interest method.

### 1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.22 Irregular expenditure (continued)

(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.23 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2013 to 6/30/2014.

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison of the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.24 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.25 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.26 Commitments

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

### 1.27 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

## Notes to the Annual Financial Statements

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Figures in Rand	2014	2013
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## 2. New standards and interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>• GRAP 25: Employee benefits</li><li>• GRAP 1 (as revised 2012): Presentation of Financial Statements</li><li>• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors</li><li>• GRAP 7 (as revised 2012): Investments in Associates</li><li>• GRAP 9 (as revised 2012): Revenue from Exchange Transactions</li><li>• GRAP 12 (as revised 2012): Inventories</li><li>• GRAP 13 (as revised 2012): Leases</li><li>• GRAP 16 (as revised 2012): Investment Property</li><li>• GRAP 17 (as revised 2012): Property, Plant and Equipment</li></ul>	<ul style="list-style-type: none"><li>April 01, 2013</li><li>April 01, 2013</li><li>April 01, 2013</li><li>April 01, 2013</li><li>April 01, 2013</li><li>April 01, 2013</li><li>April 01, 2013</li><li>April 01, 2013</li><li>April 01, 2013</li></ul>	Not applicable
<ul style="list-style-type: none"><li>• GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)</li><li>• GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)</li></ul>	<ul style="list-style-type: none"><li>April 01, 2013</li><li>April 01, 2013</li></ul>	Not applicable
<ul style="list-style-type: none"><li>• IGRAP16: Intangible assets website costs</li><li>• IGRAP1 (as revised 2012): Applying the probability test on initial recognition of revenue</li></ul>	<ul style="list-style-type: none"><li>April 01, 2013</li><li>April 01, 2013</li></ul>	Not applicable

### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 01, 2014 or later periods:

The following standards and interpretations have been issued but are not yet effective, effective date beginning on or after 1 April 2014 which should have been disclosed in accordance with GRAP 3 par 31-32:

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

### 2. New standards and interpretations (continued)

GRAP 5 (revised) and GRAP 100 (revised)

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	April 01, 2016	
• GRAP 20: Related parties	April 01, 2014	
• IGRAP 11: Consolidation – Special purpose entities	April 01, 2014	Not applicable
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	April 01, 2014	Not applicable
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	April 01, 2014	Not applicable
• GRAP 7 (as revised 2010): Investments in Associates	April 01, 2014	Not applicable
• GRAP 8 (as revised 2010): Interests in Joint Ventures	April 01, 2014	Not applicable
• GRAP32: Service Concession Arrangements: Grantor	April 01, 2015	
• GRAP108: Statutory Receivables	April 01, 2015	
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	April 01, 2015	

The aggregate impact of the initial application of the statements and interpretations on the municipality's annual financial statements is expected to be as follows:

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	44,541	17,070
Short-term deposits	21,126,527	6,892,429
Bank overdraft	(13,714,857)	(6,150,021)
	<b>7,456,211</b>	<b>759,478</b>
Current assets	21,171,068	6,909,499
Current liabilities	(13,714,857)	(6,150,021)
	<b>7,456,211</b>	<b>759,478</b>

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014			2013		
<b>3. Cash and cash equivalents (continued)</b>						
<b>The municipality had the following bank accounts</b>						
Account number / description	Bank statement balances			Cash book balances		
	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2014	June 30, 2013	June 30, 2012
ABSA BANK Westonaria - Primary bank account - 590-000-019	1,286,857	5,328,254	5,278,314	(16,510,747)	(6,150,021)	(29,996,792)
ABSA BANK - Licensing Account - 4077-044-564	-	924	-	(660,527)	-	-
ABSA BANK - MIG Cheque Account - 4077-044-996	3,401	-	-	-	-	-
ABSA BANK - Speed fines Account - 9069-541-719	57,327	598,880	-	-	-	-
ABSA BANK - Debtors Account - 408-213-2336	-	-	-	3,485,674	-	-
Petty cash	44,541	17,070	-	-	-	-
ABSA BANK - Investment Account - 6304-469-100	8,730	-	-	-	-	-
ABSA BANK - Investment Account - 1009-120-510	770	-	-	-	-	-
ABSA BANK - Investment Account - 9054-399-870	28,963	-	-	-	-	-
ABSA BANK - Investment Account - 9057-050-350	87,643	-	-	-	-	-
ABSA BANK - Investment Account - 4082-131-607	173,057	-	-	-	-	-
FNB BANK - Investment Account - 7100-1035-031	41,528	-	-	-	-	-
FNB BANK - Investment Account - 7103-8284-304	56,182	-	-	-	-	-
FNB BANK - Investment Account - 7103-8284-297	106,908	-	-	-	-	-
FNB BANK - Investment Account - 7103-8605-740	24,541	-	-	-	-	-
NEDBANK - Investment Account - 119-876-22	83,523	-	-	-	-	-
NEDBANK - Investment Account - 197-708-42	51,915	-	-	-	-	-
NEDCOR - Investment Account - 118-128-75	51,418	-	-	-	-	-
STANDARD BANK - Investment Account - 286-330-16	56,094	-	-	-	-	-
STANDARD BANK - Investment Account - 328-634-174	5,748	-	-	-	-	-
ABSA BANK - Investment Account - 9296-240-291	20,259,518	-	-	-	-	-
<b>Total</b>	<b>22,428,664</b>	<b>5,945,128</b>	<b>5,278,314</b>	<b>(13,685,600)</b>	<b>(6,150,021)</b>	<b>(29,996,792)</b>

## 4. Trade receivables from exchange transactions

### Gross balances

Electricity	16,271,376	13,951,597
Water	49,773,993	53,280,645
Sewerage	5,879,406	5,406,720
Refuse	9,676,018	6,773,385
Housing rental	1,812,889	-
Other (vat, capital, interest, reconnection fees etc)	77,167,565	68,812,872
	<b>160,581,247</b>	<b>148,225,219</b>

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>4. Trade receivables from exchange transactions (continued)</b>		
<b>Less: Allowance for impairment</b>		
Electricity	(6,257,971)	(5,877,808)
Water	(28,919,313)	(45,543,880)
Sewerage	(3,649,159)	(4,533,549)
Refuse	(6,005,594)	(5,973,338)
Housing rental	(1,125,202)	-
Other (Other (vat, capital, interest, reconnection))	(67,722,903)	(60,896,244)
	<b>(113,680,142)</b>	<b>(122,824,819)</b>
<b>Net balance</b>		
Electricity	10,013,405	8,073,789
Water	20,854,680	7,736,765
Sewerage	2,230,247	873,171
Refuse	3,670,424	800,047
Housing rental	687,687	-
Other (Other (vat, capital, interest, reconnection))	9,444,662	7,916,628
	<b>46,901,105</b>	<b>25,400,400</b>
<b>Electricity</b>		
Current (0 -30 days)	809,029	675,500
31 - 60 days	6,960,688	163,642
61 - 90 days	388,996	104,919
91 - 120 days	81,725	80,193
121 - 365 days	1,772,967	7,049,535
	<b>10,013,405</b>	<b>8,073,789</b>
<b>Water</b>		
Current (0 -30 days)	1,600,165	647,302
31 - 60 days	1,723,651	156,811
61 - 90 days	1,866,771	100,539
91 - 120 days	77,172	76,845
121 - 365 days	15,586,921	6,755,268
	<b>20,854,680</b>	<b>7,736,765</b>
<b>Sewerage</b>		
Current (0 -30 days)	-	73,055
31 - 60 days	188,220	17,697
61 - 90 days	112,426	11,346
91 - 120 days	103,595	8,673
121 - 365 days	1,826,006	762,400
	<b>2,230,247</b>	<b>873,171</b>
<b>Refuse</b>		
Current (0 -30 days)	163	66,937
31 - 60 days	278,895	16,215
61 - 90 days	189,163	10,396
91 - 120 days	177,715	7,947
121 - 365 days	3,024,488	698,552
	<b>3,670,424</b>	<b>800,047</b>

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>4. Trade receivables from exchange transactions (continued)</b>		
<b>Housing rental</b>		
31 - 60 days	8,406	-
61 - 90 days	8,058	-
91 - 120 days	7,929	-
121 - 365 days	7,929	-
> 365 days	655,365	-
	<b>687,687</b>	<b>-</b>
<b>Other (specify)</b>		
Current (0 -30 days)	117,156	662,358
31 - 60 days	256,180	160,450
61 - 90 days	173,209	102,872
91 - 120 days	145,838	78,637
121 - 365 days	8,752,279	6,912,311
	<b>9,444,662</b>	<b>7,916,628</b>
<b>Reconciliation of allowance for impairment: exchange transactions</b>		
Balance at beginning of the year	(122,824,819)	(102,107,631)
Contributions to allowance	-	(20,717,188)
Reversal of allowance	9,144,677	-
	<b>(113,680,142)</b>	<b>(122,824,819)</b>
<b>Included in above is receivables from exchange transactions</b>		
Electricity	3,824,670	8,073,789
Water	19,464,026	7,736,765
Sewerage	2,230,247	873,171
Refuse	3,670,424	800,047
Other (Other (vat, capital, interest, reconnection)	8,100,095	7,916,628
Housing rental	687,687	-
	<b>37,977,149</b>	<b>25,400,400</b>
<b>Net balance</b>	<b>37,977,149</b>	<b>25,400,400</b>
<b>Trade receivables from exchange transactions impaired</b>		
As of June 30, 2014, trade receivables from exchange transactions of 160,581,247 (2013: 148,225,219) were impaired and provided for.		
The amount of the provision was 113,680,142 as of June 30, 2014 (2013: 122,824,819).		
The ageing of these debtors is as follows:		
3 to 6 months	(24,155,189)	(25,793,212)
Over 6 months	(89,524,953)	(97,031,607)



# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>5. Trade receivables from non-exchange transactions</b>		
<b>Rates</b>		
Property rates taxes	32,403,084	31,219,024
Less: Allowance for impairment	(21,456,121)	(28,149,180)
	<b>10,946,963</b>	<b>3,069,844</b>
<b>Rates</b>		
Current (0-30 days)	38,663	226,456
31-60 days	809,236	128,429
61-90 days	468,910	105,706
91-120 days	336,104	101,282
121-365 days	9,294,050	2,507,971
	<b>10,946,963</b>	<b>3,069,844</b>
<b>Reconciliation of allowance for impairment: non-exchange transactions</b>		
Balance at beginning of the year	(28,149,180)	(23,401,183)
Contributions to allowance	-	(4,747,997)
Reversal of allowance	6,693,059	-
	<b>(21,456,121)</b>	<b>(28,149,180)</b>
<b>Trade receivables from non exchange transactions impaired</b>		
As of June 30, 2014, trade receivables from exchange transactions of 32,403,084 (2013: 31,219,024) were impaired and provided for. The amount of the provision was 21,456,121 as of June 30, 2014 (2013: 28,149,180).		
The ageing of these debtors is as follows:		
3 to 6 months	(4,223,426)	(5,911,328)
Over 6 months	(17,232,695)	(22,237,852)
	<b>(21,456,121)</b>	<b>(28,149,180)</b>
<b>6. Other receivables from exchange transactions</b>		
Guarantees held in lieu of electricity and water deposits	120,000	120,000
Salary debtors	71,499	477,737
Sundry debtors	5,456,035	5,773,040
	<b>5,647,534</b>	<b>6,370,777</b>
<b>7. Other receivables from non-exchange transactions</b>		
Fines	50,866,238	38,775,527
Loans to employees (PAD accounts)	1,593,505	1,624,834
Provision for bad debts- non exchange	(48,226,777)	(40,299,208)
	<b>4,232,966</b>	<b>101,153</b>
<b>Reconciliation of allowance for impairment: non-exchange transactions</b>		
Balance at beginning of the year	(40,299,208)	-
Contributions to allowance	(9,337,656)	(40,299,208)
Reversal of allowance	1,410,087	-
	<b>(48,226,777)</b>	<b>(40,299,208)</b>

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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### 7. Other receivables from non-exchange transactions (continued)

#### Other receivables from non-exchange transactions impaired

As of June 30, 2014, other receivables from non-exchange transactions of 52,459,743 (2013: 40,400,361) were impaired and provided for.

The amount of the provision was 48,226,777 as of June 30, 2014 (2013: 40,299,208).

The ageing of these loans is as follows:

3 to 6 months	(30,065)	(400,969)
Over 6 months	(40,196,712)	(39,898,239)

### 8. Long term debtors

Long term debtors include stands which were sold to the community since 1995.

#### Long term debtors

Sale of stands	3,954,644	5,825,267
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### 9. Inventories

Consumable stores- at cost	7,365,512	621,016
Water	318,660	388,999
	<b>7,684,172</b>	<b>1,010,015</b>

### 10. VAT receivable

VAT	-	431,429
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The Municipality VAT is accounted for on payment or cash basis.

### 11. Investment property

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	65,805,951	-	65,805,951	69,831,388	-	69,831,388

#### Reconciliation of investment property - 2014

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	69,831,388	(6,518,756)	2,493,319	65,805,951

#### Reconciliation of investment property - 2013

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	60,918,995	16,176,915	(7,264,522)	69,831,388

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand 2014 2013

### 11. Investment property (continued)

#### Details of valuation

Valuations were performed by an independent valuer, Ian Smith from Evaluation property intelligence who holds a qualification in National diploma in property valuations and has 20 years experience. Evaluation property intelligence are not connected to the municipality and have recent experience in location and category of the investment property being valued. Ian Smith has an accreditation with South African Council Property values profession.

The valuation was based on open market value for existing use.

These assumptions are based on current market conditions.

### 12. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	70,581,269	-	70,581,269	70,581,269	-	70,581,269
Buildings	81,184,936	(48,246,386)	32,938,550	80,775,209	(44,914,071)	35,861,138
Electricity network	340,078,750	(225,765,188)	114,313,562	336,550,460	(218,429,953)	118,120,507
Furniture and fixtures	10,413,627	(4,770,940)	5,642,687	9,659,700	(3,460,359)	6,199,341
Capital spares	6,155,719	(397,997)	5,757,722	6,155,719	-	6,155,719
IT equipment	3,627,433	(1,719,923)	1,907,510	3,114,350	(1,054,848)	2,059,502
Community	265,219,352	(72,019,363)	193,199,989	258,038,524	(66,096,984)	191,941,540
Housing (including land)	37,942,245	(32,148,558)	5,793,687	37,942,245	(30,791,330)	7,150,915
Rail network	958,041	-	958,041	958,041	-	958,041
Library books	7,493,109	(3,730,367)	3,762,742	6,489,914	(2,326,515)	4,163,399
Sports & recreational facilities (including land)	50,232,351	(20,143,040)	30,089,311	37,434,546	(18,913,548)	18,520,998
Roads and Stormwater network	1,145,429,462	(314,345,575)	831,083,887	1,120,782,472	(230,594,693)	890,187,779
Motor vehicles	11,447,893	(5,295,998)	6,151,895	11,447,892	(4,090,239)	7,357,653
Wastewater network	293,466,192	(167,886,515)	125,579,677	293,466,192	(161,872,650)	131,593,542
Water network	199,881,326	(120,057,369)	79,823,957	186,897,954	(113,622,138)	73,275,816
<b>Total</b>	<b>2,524,111,705</b>	<b>(1,016,527,219)</b>	<b>1,507,584,486</b>	<b>2,460,294,487</b>	<b>(896,167,328)</b>	<b>1,564,127,159</b>

## Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

### Notes to the Annual Financial Statements

Figures in Rand

#### 12. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Additions- Work in progress	Transfers from WIP	Depreciation	Total
Land	70,581,269	-	-	-	-	70,581,269
Buildings	35,861,138	-	409,726	-	(3,332,314)	32,938,550
Electricity network	118,120,507	445,594	3,082,695	-	(7,335,234)	114,313,562
Furniture and fixtures	6,199,341	753,926	-	-	(1,310,580)	5,642,687
Capital spares	6,155,719	-	-	-	(397,997)	5,757,722
IT equipment	2,059,502	513,083	-	-	(665,075)	1,907,510
Community	191,941,540	25,676	7,163,924	-	(5,931,151)	193,199,989
Housing (including land)	7,150,915	-	-	-	(1,357,228)	5,793,687
Rail network	958,041	-	-	-	-	958,041
Library books	4,163,399	516,682	-	-	(917,339)	3,762,742
Sports & recreational facilities (including land)	18,520,998	1,966,666	12,797,805	(1,966,666)	(1,229,492)	30,089,311
Roads and Stormwater network	890,187,779	36,743,025	3,341,013	(9,780,668)	(84,237,396)	831,083,887
Motor vehicles	7,357,653	-	-	-	(1,205,758)	6,151,895
Wastewater network	131,593,542	-	-	-	(6,013,865)	125,579,677
Water network	73,275,816	-	12,983,373	-	(6,435,232)	79,823,957
	<b>1,564,127,159</b>	<b>40,964,652</b>	<b>39,778,536</b>	<b>(11,747,334)</b>	<b>(120,368,661)</b>	<b>1,507,584,486</b>

## Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

### Notes to the Annual Financial Statements

Figures in Rand

#### 12. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Additions- Work in progress	Depreciation	Total
Land	70,581,269	-	-	-	70,581,269
Buildings	34,943,944	2,698,498	495,959	(2,277,263)	35,861,138
Electricity network	120,781,003	-	7,211,952	(9,872,448)	118,120,507
Furniture and fixtures	6,074,359	1,023,634	-	(898,652)	6,199,341
Capital spares	6,155,719	-	-	-	6,155,719
IT equipment	2,210,890	523,052	-	(674,440)	2,059,502
Community	165,623,327	20,771,326	10,958,645	(5,411,758)	191,941,540
Housing (including land)	8,243,773	-	-	(1,092,858)	7,150,915
Rail network	958,041	-	-	-	958,041
Library books	4,210,240	792,340	-	(839,181)	4,163,399
Sports & recreational facilities (including land)	17,709,026	-	1,847,662	(1,035,690)	18,520,998
Roads and Stormwater network	937,984,082	10,129,445	24,336,588	(82,262,336)	890,187,779
Motor vehicles	5,711,980	2,843,730	-	(1,198,057)	7,357,653
Wastewater network	128,737,350	-	8,339,887	(5,483,695)	131,593,542
Water network	71,022,246	-	8,083,382	(5,829,812)	73,275,816
	<b>1,580,947,249</b>	<b>38,782,025</b>	<b>61,274,075</b>	<b>(116,876,190)</b>	<b>1,564,127,159</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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### 13. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	440,336	(95,382)	344,954	440,336	(47,691)	392,645

#### Reconciliation of intangible assets - 2014

	Opening balance	Amortisation	Total
Computer software, other	392,645	(47,691)	344,954

#### Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software, other	71,980	368,356	(47,691)	392,645

### 14. Payables from exchange transactions

Trade payables	91,307,437	83,106,659
Unallocated deposits	5,148,787	2,344,753
Accrued expense	25,312,882	465,681
Accrued interest	54,973	-
Salary creditors	1,216,721	11,265,511
Debtors with credit balances	1,789,481	3,148,014
Retention liability	3,727,769	-
Other deposits	6,593	-
	<b>128,564,643</b>	<b>100,330,618</b>

### 15. Deferred income

Deferred income relates to all prepaid electricity sold by the last week of June 2014 as it is uncertain that all prepaid electricity for June 2014 was utilised. The municipality has applied GRAP 9 as the treatment of deferred income has been applied prospectively.

#### Deferred income

Deferred prepaid electricity	593,121	-
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### 16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Bekkersdal Urban Renewal Project (BURP)	-	32,692
Finance Management Grant	-	1,824
Infrastructure Skills Development Grant	2,724,938	2,373,220
Municipal Infrastructure grant- Capital	13,338,000	-
Municipal Systems Improvement Grant	-	3,857
Provincial health subsidy	653,521	954,658
Solar project	-	10,000
	<b>16,716,459</b>	<b>3,376,251</b>

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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### 16. Unspent conditional grants and receipts (continued)

#### Movement during the year

Balance at the beginning of the year	3,376,251	1,177,440
Additions during the year	203,394,390	174,664,669
Income recognition during the year	(190,054,182)	(172,465,858)
	<u>16,716,459</u>	<u>3,376,251</u>

See note 30 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

### 17. Consumer deposits

Electricity and water	<u>10,060,332</u>	<u>2,514,847</u>
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#### Guarantees

Guarantees held in lieu of electricity and water deposits	<u>120,000</u>	<u>120,000</u>
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The reason for the material increase as compare to the prior year is due to the fact that Simunye residents were not charged deposit application for municipal services, it was charged during February 2014

Guarantees held in lieu of electricity and water deposits are not backed up by cash and are included in the consumer deposit register.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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### 18. Provisions

#### Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus provision	-	724,207	-	-	724,207
Service bonus provision	-	2,048,698	-	-	2,048,698
Legal proceedings	5,211,598	-	-	(5,211,598)	-
Provision for rehabilitation of landfill site	36,160,535	5,073,459	769,232	-	42,003,226
Labour dispute	243,919	-	-	(243,919)	-
Provision for leave pay	7,187,470	-	(814,888)	-	6,372,582
	<b>48,803,522</b>	<b>7,846,364</b>	<b>(45,656)</b>	<b>(5,455,517)</b>	<b>51,148,713</b>

#### Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Total
Legal proceedings	-	5,211,598	-	5,211,598
Provision for rehabilitation of landfill site	34,610,798	814,484	735,253	36,160,535
Labour dispute	243,919	-	-	243,919
Provision for leave pay	7,187,470	-	-	7,187,470
	<b>42,042,187</b>	<b>6,026,082</b>	<b>735,253</b>	<b>48,803,522</b>

Non-current liabilities	41,113,883	35,391,303
Current liabilities	10,034,830	13,412,219
	<b>51,148,713</b>	<b>48,803,522</b>

#### Environmental rehabilitation provision

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 8.1649% over an average period of 10 years.

#### Details of valuation

Valuation was performed by Seakle Godschalk who is a professional environmental scientist from CSS Environment and sustainability solutions CC, who holds a qualification in Masters degree in Science and Masters degree in Accounting. Seakle Godschalk is an independent valuer and has an accreditation with South African Council for Natural Scientific Professions as well as with the South African Institute of Ecologists and Environmental Scientists.

#### Performance bonus provision

The calculated provision for performance bonuses was done using a rate of 15% of the total package. The provision for performance bonus is categorised as a provision based on the fact that the performance bonus will only be paid once an employee has met a performance condition. Therefore it is uncertain whether all the employees who are qualifying for a performance bonus will meet the performance bonus. In addition the bonus has to be approved by the Council.

#### Service bonus provision

The calculated provision for service bonus was based on thirteenth cheque which is monthly pro-rated according to the bonus months. The provision for service bonus is categorised as a provision due to the fact that it is uncertain whether the employee will still be in employment of the Municipality during the month when the employee will be entitled to the bonus. If the employee leaves the employ of the Municipality before the month in which she/ he will be entitled to a bonus, a portion of the bonus will not be paid.

#### Provision for leave pay

Provision for leave pay is calculated in terms of the main collective agreement based on outstanding number of leave days. Any leave days in excess of forty eight (48) days is forfeited.



# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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### 19. Employee benefit obligations (Defined contribution plan)

There are six (6) retirement funds into which Councillors and employees contribute. The municipality is not liable for any short fall arising from pension funds contributions. Further detail of retirement funds and medical aid plans are provided below:

#### Defined Contribution (DC) Multi-Employers Pension scheme

These funds are subject to a triennial actuarial valuation.

##### Municipal Councillors Pension fund

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The scheme is subject to an actuarial valuation every three years. The latest statutory valuation was performed as at 30 June 2012 and the fund was reported to be in a sound financial position, the latest available financial statements is as of 30 June 2012. The audited financial statement as at 30 June 2012 revealed that the fund had assets to the amount of R 1,172,149,961 (30 June 2011: R 2,015,742,959) with a total of 6,909 members (30 June 2011: 6,256 members). The contribution rate paid by the members (13,75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future.

##### Municipal Employees Pension Fund

The contribution rate payable is 7,5% by the members and on average 21.8% by Council. The last Actuarial valuation on this fund was performed in February 2011 certified that the fund is in a sound financial state. The total assets amounts to R 7,544,211,000 (28 February 2008: R 5,715,557,000) and liabilities to R 6,991,439,000 (28 February 2008: R4,900,548,000) with a total of 17,110 members (28 February 2008: 14,610 members).

The most recently actuarial available valuation was done at 28/02/2009. The funding level of the fund is at 102.2% The basis key assumptions are as follow: Gross discount rate 11.1%; Salary inflation 7,4%; Net post-retirement discount rate 4.4%. The current surplus is relatively small and is not expected to have any impact on the required employer discount rate. The total in-service membership of the MEPPF was 15.978 as at 28/02/2009.

##### Joint Municipality Pension Fund

The average contribution rate payable is 7,08% by the members and on average 10.05 % by Council. The last Actuarial valuation on this fund was performed in 31 March 2013 certified that the fund is in a sound financial state. The total assets amounts to R.1,651,394,000 (31 March 2012: R 1,288,291,000) and liabilities to R 1,463,574,000 (31 March 2012: R 1,157,898,000) with a total of 10,579 members (31 March 2013: 9,942 members)

##### SALA Pension Fund

The contribution rate payable is 8.6% by the members and 20.78% by Council. The total assets amounts to on 30 June 2014 amounts to R 12,768,360,060 (30 June 2013: R 10,693,896,597).

#### Defined Contribution (DC) Multi-Employers Pension scheme

**Municipal Gratuity Fund:** The defined benefit scheme is a multi-employer plan and the contribution rate payable is a minimum of 7.5% by the members and 22% by Council. The last valuation performed for the year ended 30 June 2013 revealed that the fund had assets of R 14,565,277,000 and in a sound financial state as at 30 June 2013.

**National Fund for Municipal workers:** The above mentioned fund is a defined contribution Fund and according to Regulation 2 of the Pension Funds Act no 24 of 1956 exempt from the provisions of sections 9A and 16 of the Act. As at 30 June 2011 the results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less administration costs. The NFMW Retirement Fund does not have any reserve accounts or surpluses which could be allocated to members Fund. The total assets amounts to R 4,316,586,594 as at 30 June 2011 (June 2010: R.4,144,125,897).

#### Pension funds

##### Fund Name

Municipal Councillors Pension fund - No of members of this fund: 12 (2013: 4)	911,733	834,546
Municipal Employees Pension Fund - No of members of this fund: 57 (2013: 67)	596,936	652,971
Joint Municipality Pension Fund - No of members of this fund: 21 (2013: 12)	355,021	342,859

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
SALA Pension Fund - No of members of this fund: 2 (2013: 5)	1,105,863	1,061,581
Municipal Gratuity Fund - No of members of this fund: 21 (2013: 12)	4,828,714	4,176,411
National Fund for Municipal workers - No of members of this fund: 2 (2013: 5)	5,396,962	4,330,167
	<b>13,195,229</b>	<b>11,398,535</b>

### 20. Employee benefit obligations (Defined benefit plan)

#### Defined benefit plan

##### Post retirement medical aid plan

The expected value of each employee and their spouse's future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present value of valuation. We also allowed for mortality, retirements and withdrawals from service as set out below. The accrued liability is determined on the basis that each employee's medical aid benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. We assumed that 100% of all active members on medical aid will remain on medical aid once they retire. We also assumed that all active members will remain on the same medical aid option at retirement.

Medical aid funds include K Health, Bonitas, LA Health, Samuhealth and Hosmed. The basis of benefits paid- applicable to all medical aids- as per the agreement by SALGA includes employees who have retired or who have been boarded, those employed before 1 July 2014 - WLM continues to pay 70% of WLM's contribution that was paid whilst employed and those employed after 1 July 2014- WLM continues to pay 60% of WLM's contribution that was paid whilst employed

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

Present value of the defined benefit obligation-medical aid liability	(51,814,000)	(45,231,000)
Present value of the defined benefit obligation-Long service award liability	(10,313,000)	(8,635,000)
	<b>(62,127,000)</b>	<b>(53,866,000)</b>
Non-current liabilities	(58,430,000)	(50,873,000)
Current liabilities	(3,697,000)	(2,993,000)
	<b>(62,127,000)</b>	<b>(53,866,000)</b>

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>20. Employee benefit obligations (Defined benefit plan) (continued)</b>		
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening balance	53,866,000	43,180,000
Benefits paid	(2,311,610)	(4,166,934)
Net expense recognised in the statement of financial performance	10,572,610	14,852,934
	<b>62,127,000</b>	<b>53,866,000</b>
<b>Medical aid liability: Financial Variable</b>		
Discount Rate (%)	9	8
CPI (Consumer Price Inflation) (%)	7	6
Medical Aid Contribution Inflation (%)	8	7
Net Effective Discount Rate (%)	1	1
	<b>25</b>	<b>22</b>
<b>Long service award liability: Financial Variable</b>		
Discount Rate (%)	8	7
CPI (Consumer Price Inflation) (%)	6	6
Normal Salary Increase Rate (%)	7	7
Net Effective Discount Rate (%)	1	1
	<b>22</b>	<b>21</b>
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	2,993,000	2,348,000
Interest cost	4,256,000	3,434,000
Actuarial (gains) losses	3,323,610	9,070,934
	<b>10,572,610</b>	<b>14,852,934</b>
<b>Calculation of actuarial gains and losses</b>		
Actuarial (gains) losses – Obligation	3,323,610	9,070,934

The effect of a 1% p.a. change in the medical aid inflation assumption has been tested. The effect is as follows:

Medical aid inflation	-1% Medical aid inflation	Valuation Assumption	+1% Medical aid inflation
Total Accrued Liability	44,397,000	51,814,000	61,044,000
Interest Cost	4,006,000	4,692,000	5,547,000
Service Cost	2,142,000	2,657,000	3,325,000
	<b>50,545,000</b>	<b>59,163,000</b>	<b>69,916,000</b>

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

### Details of valuation

Valuation was performed by Niel Fourie from ZAQEN Actuaries (Pty) Ltd who is qualified as per APN301 to sign off the GRAP 25 valuation and has 8 years experience. Niel Fourie is an independent valuer and has an accreditation with Actuarial Society of South Africa.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>21. Long term loans</b>		
<b>At amortised cost</b>		
Annuity loans	8,827,878	14,133,594
Annuity loans are fixed rate loans. Interest and capital on redemption of annuity loans are payable monthly.		
Enterprise loan	10,264,660	12,732,709
Fixed rate enterprise loan, from Standard bank at interest rate of 9.85% that commenced 31 December 2012.		
	<b>19,092,538</b>	<b>26,866,303</b>
<b>Total long term loans</b>	<b>19,092,538</b>	<b>26,866,303</b>
<b>Non-current liabilities</b>		
At amortised cost	11,266,168	16,492,535
<b>Current liabilities</b>		
At amortised cost	7,826,370	10,373,768
<b>22. Revenue</b>		
Service charges	212,518,782	191,590,984
Rental of facilities and equipment	353,986	386,870
Licences and permits	17,912,386	17,024,009
Fees earned	402,893	382,998
Other income	2,434,111	1,299,602
Reversal of impairment	22,721,903	-
Interest income	6,195,117	14,798,501
Property rates	27,647,144	31,401,676
Government grants & subsidies	190,054,182	172,465,858
Public contributions and donations	5,685,382	1,594,276
Fines	20,764,700	28,086,000
	<b>506,690,586</b>	<b>459,030,774</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	212,518,782	191,590,984
Rental of facilities and equipment	353,986	386,870
Licences and permits	17,912,386	17,024,009
Fees earned	402,893	382,998
Other income	2,434,111	1,299,602
Reversal of impairment	22,721,903	-
Interest income	6,195,117	14,798,501
	<b>262,539,178</b>	<b>225,482,964</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	27,647,144	31,401,676
<b>Transfer revenue</b>		
Government grants & subsidies	190,054,182	172,465,858
Public contributions and donations	5,685,382	1,594,276
Fines	20,764,700	28,086,000
	<b>244,151,408</b>	<b>233,547,810</b>

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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### 23. Property rates

#### Rates and taxes

Commercial, industrial and rural land	34,270,617	37,858,766
Exemption rebate	(1,670,019)	(1,783,812)
Pensioner in rebate	(241,402)	(226,891)
Residential valuation rebate	(4,712,052)	(4,446,387)
	<b>27,647,144</b>	<b>31,401,676</b>

#### Valuations

Residential	2,251,030,120	2,251,030,120
Commercial	453,633,215	453,633,215
Municipal	431,477,120	431,477,120
Farms	55,755,470	55,755,470
	<b>3,191,895,925</b>	<b>3,191,895,925</b>

Valuations on land and buildings are performed every 3 years. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of is applied to property valuations to determine assessment rates. Rebates are granted to residential and state property owners.

Rates are calculated on the annual basis, levied monthly and are payable by the 8th day of the following month. Interest is levied on rates outstanding at 15% per annum.

The new general valuation will be implemented on 01 July 2014.

### 24. Service charges

Prepaid electricity	18,433,976	20,305,348
Sale of electricity	57,665,948	51,068,726
Sale of water	112,203,829	97,026,952
Sewerage and sanitation charges	14,596,101	16,643,942
Refuse removal	9,618,928	6,546,016
	<b>212,518,782</b>	<b>191,590,984</b>

### 25. Other revenue

Fees earned	402,893	382,998
Other income	2,434,111	1,299,602
Reversal of impairment	22,721,903	-
	<b>25,558,907</b>	<b>1,682,600</b>

The amount included in other revenue arising from exchanges of goods or services are as follows:

Fees earned	402,893	382,998
Other income	11,685,097	1,299,602
Reversal of impairment	37,202,507	-
	<b>49,290,497</b>	<b>1,682,600</b>

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>26. Fees earned</b>		
Cemetery fees	227,103	145,236
Electricity: connection fees	50,238	161,531
Electricity: reconnection fees	125,552	76,231
	<b>402,893</b>	<b>382,998</b>
<b>27. Other income</b>		
Sundry income	178,931	313,201
Income from other sources	2,091,483	986,401
Property sales	163,697	-
	<b>2,434,111</b>	<b>1,299,602</b>
<b>28. Reversal of impairment</b>		
Trade receivables from exchange transactions	9,144,677	-
Trade receivables from non-exchange transactions	8,037,626	-
Other receivables from non-exchange transactions	1,410,087	-
Long term debtors	4,129,513	-
	<b>22,721,903</b>	<b>-</b>
The municipality has reversed a debt impairment due to the implementation of credit control and as a result some of debtors are no longer considered to be doubtful.		
<b>29. Public contributions and donations</b>		
Integrated development plan	-	1,594,276
Asset management implementation	3,500,000	-
Operation clean audit	1,000,000	-
Security for Councillors	1,040,117	-
Other contributions	145,265	-
	<b>5,685,382</b>	<b>1,594,276</b>

The above contributions were received from Department of Cooperative Governance and Traditional Affairs (CoGTA) to assist the municipality with its operations.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>30. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	104,957,000	98,840,000
Provincial health subsidy	1,151,219	733,253
Municipal linfastructure Grant- Operational expenditure	2,572,688	2,715,408
DAC funding and Equitable share- Libraries	2,700,000	2,240,000
Municipal Systems Improvement Grant	893,857	996,143
Finance Management Grant	1,301,824	1,250,013
Expanded Public Works Programme Grant	1,000,000	1,000,000
Infrastructure Skills Development Grant	2,648,282	1,678,449
	<u>117,224,870</u>	<u>109,453,266</u>
<b>Capital grants</b>		
Municipal linfastructure Grant- Capital expenditure	59,829,312	63,012,592
Integrated National Electrification Programme Grant	13,000,000	-
	<u>72,829,312</u>	<u>63,012,592</u>
	<u><b>190,054,182</b></u>	<u><b>172,465,858</b></u>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
All registered indigents receive a monthly subsidy of 10,469,744 (2013: 6,457,090), which is funded from the grant.		
<b>Equitable share</b>		
Current-year receipts	104,957,000	98,840,000
Conditions met - transferred to revenue	(104,957,000)	(98,840,000)
	<u>-</u>	<u>-</u>
<b>DAC Funding and Equitable share share (Libraries)</b>		
Current-year receipts	2,700,000	2,240,000
Conditions met - transferred to revenue	(2,700,000)	(2,240,000)
	<u>-</u>	<u>-</u>
<b>EPWP</b>		
Current-year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	(1,000,000)	(1,000,000)
	<u>-</u>	<u>-</u>
<b>FMG</b>		
Balance unspent at beginning of year	1,824	-
Current-year receipts	1,300,000	1,251,837
Conditions met - transferred to revenue	(1,301,824)	(1,250,013)
	<u>-</u>	<u><b>1,824</b></u>

Conditions still to be met - remain liabilities (see note 16).

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA.

### ISDG

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>30. Government grants and subsidies (continued)</b>		
Balance unspent at beginning of year	2,373,220	-
Current-year receipts	3,000,000	4,046,670
Conditions met - transferred to revenue	(2,648,282)	(1,673,450)
	<b>2,724,938</b>	<b>2,373,220</b>

Conditions still to be met - remain liabilities (see note 16).

This grants was used to enhance skills within the infrastructure department. It pays the salaries for the interns within infrastructure department.

### MIG- Capital expenditure

Current-year receipts	73,167,312	63,012,592
Conditions met - transferred to revenue	(59,829,312)	(63,012,592)
	<b>13,338,000</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 16).

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor households.. R13 million was an additional amount received from Cogta on April 2014 for projects to be executed in the new financial year.

### MIG- Operational expenditure

Current-year receipts	2,572,688	2,715,408
Conditions met - transferred to revenue	(2,572,688)	(2,715,408)
	<b>-</b>	<b>-</b>

### MSIG

Balance unspent at beginning of year	3,857	-
Current-year receipts	890,000	1,000,000
Conditions met - transferred to revenue	(893,857)	(996,143)
	<b>-</b>	<b>3,857</b>

Conditions still to be met - remain liabilities (see note 16).

This grant was used to build in-house capacity to perform their functions and stabilise institutional and government systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

### Provincial health subsidy

Balance unspent at beginning of year	954,658	494,141
Current-year receipts	850,082	1,198,770
Conditions met - transferred to revenue	(1,151,219)	(738,253)
	<b>653,521</b>	<b>954,658</b>

Conditions still to be met - remain liabilities (see note 16).

This is HIV/ Aids subsidy which was used to pay the stipends.

### 31. Interest income

#### Interest income

Investments	852,249	550,750
Outstanding receivables	5,342,868	14,247,751
	<b>6,195,117</b>	<b>14,798,501</b>



# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>32. Employee related costs</b>		
Basic	71,239,248	58,108,837
Bonus	5,143,102	4,364,959
Medical aid - company contributions	10,297,824	9,093,525
UIF	724,119	645,751
SDL	1,237,611	1,504,826
Other payroll levies	45,928	37,586
Leave pay provision charge	(814,887)	18,262
Standby allowance	839,660	892,733
Temporary workers	-	5,307
Bonus accrual	2,772,905	-
Defined contribution plans	12,116,767	10,205,908
Travel, motor car, accommodation, subsistence and other allowances	6,098,088	5,319,224
Overtime payments	4,537,907	6,816,858
Long-service awards	1,081,610	2,751,808
Acting allowances	959,953	1,022,944
Housing benefits and allowances	527,944	583,701
Group life	1,045,060	890,064
Uniforms and overalls	57,147	-
Protective clothing	925,163	1,060,713
Telephone allowance	334,740	356,290
Defined benefit plan: Benefits paid	(2,311,610)	(4,166,934)
Defined benefit plan: Current service cost	2,993,000	2,348,000
	<b>119,851,279</b>	<b>101,860,362</b>

### Remuneration of Municipal Manager (Mr TC Ndlovu)

Annual Remuneration	1,188,463	1,199,939
Car Allowance	72,000	72,000
Contributions to UIF, Medical and Pension Funds	1,785	1,856
SDL	13,451	-
Salga	76	-
	<b>1,275,775</b>	<b>1,273,795</b>

### Remuneration of Chief Finance Officer (Mr VB Mkhefa)

Annual Remuneration	400,943	809,211
Travelling allowance	115,736	88,600
Contributions to UIF, Medical and Pension Funds	1,041	53,421
Salga	44	-
SDL	4,825	-
	<b>522,589</b>	<b>951,232</b>

Chief financial officer was appointed on 02 December 2013.

Salary for prior year relates to the previous CFO's, Manie van Brakel who resigned on 31 January 2013 and Charles Ledwaba who resigned on 30 June 2013.

### Remuneration of Executive Manager: Corporate (Ms S Maqhubu)

Annual Remuneration	548,484	548,484
Car Allowance	156,000	156,000
Contributions to UIF, Medical and Pension Funds	154,754	153,176
SDL	6,645	-
Salga	762	-
	<b>866,645</b>	<b>857,660</b>

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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### 32. Employee related costs (continued)

#### Remuneration of Executive Manager Community Services (Mrs T Morolo)

Annual Remuneration	548,484	548,484
Car Allowance	156,000	156,000
Contributions to UIF, Medical and Pension Funds	154,754	153,176
SDL	6,645	-
Salga	762	-
	<u>866,645</u>	<u>857,660</u>

#### Remuneration of Executive Manager Infrastructure (Mr M Machaba)

Annual Remuneration	291,105	-
Car Allowance	98,950	-
UIF	743	-
Telephine Allowance	5,000	-
SDL	3,753	-
Salga	32	-
	<u>399,583</u>	<u>-</u>

Executive manager: Infrastructure was appointed on 01 February 2014

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand				2014	2013
<b>33. Remuneration of councillors</b>					
Councillors allowance				10,400,948	10,694,671
	Appointment date	Annual remuneration	Accommodation, subsistence, travel and other allowances	Contributions to medical and pension funds	Total
Cllr N. Tundzi (Executive Major)	June 01, 2011	420,144	202,548	109,414	744,117
Cllr S. Monoane (Speaker)	June 01, 2011	367,200	161,628	59,608	600,447
Cllr T.A Mncube (MMC Public Safety)	June 01, 2011	344,268	152,832	55,892	565,003
Cllr G. Khoza (MMC IDP)	June 01, 2011	344,268	152,832	55,892	565,003
Cllr A.Gela (MMC Health and Social Development)	June 01, 2011	344,268	152,832	55,892	565,003
Cllr A. Ntshiba (MMC Finance)	June 01, 2011	344,268	152,832	55,892	565,003
Cllr M. Mkhumbuzi (MMC Corporate)	June 01, 2011	344,268	152,832	55,892	565,003
Cllr N. Khunene (MMC Human settlements)	June 01, 2011	317,731	142,630	51,523	523,895
Cllr CD Turner	June 01, 2011	183,600	20,868	29,284	245,763
Cllr CM Seitheiso	June 01, 2011	137,712	73,644	22,420	245,787
Cllr M Van Graan	June 01, 2011	137,712	73,644	22,420	245,787
Cllr V Lwabi	June 01, 2011	137,712	73,644	22,420	245,787
Cllr JS Letlhake	June 01, 2011	137,712	73,644	22,420	245,787
Cllr MM Mthimkhulu	June 01, 2011	137,712	73,644	22,420	245,787
Cllr ND Nodzipho	June 01, 2011	137,712	73,644	22,420	245,787
Cllr T Nkwateni	June 01, 2011	137,712	73,644	22,420	245,787
Cllr PM Mkhungekwana	June 01, 2011	137,712	73,644	22,420	245,787
Cllr PHC De Jager	June 01, 2011	137,712	73,644	22,420	245,787
Cllr S Ngweventsha	June 01, 2011	137,712	73,644	22,420	245,787
Cllr E Molatlhwa	June 01, 2011	137,712	73,644	22,420	245,787
Cllr DL Mampe	June 01, 2011	137,712	73,644	22,420	245,787
Cllr K Ncele	June 01, 2011	137,712	73,644	22,420	245,787
Cllr N Dyase	June 01, 2011	176,712	88,193	28,738	305,654
Cllr I Merabe	June 01, 2011	137,712	73,644	22,420	245,787
Cllr N Kolo	June 01, 2011	137,712	73,644	22,420	245,787
Cllr N Baza	June 01, 2011	137,712	73,644	22,420	245,787
Cllr A Sityebi	June 01, 2011	137,712	73,644	22,420	245,787
Cllr M Mgamntwini	June 01, 2011	137,712	73,644	22,420	245,787
Cllr M Jokazi	June 01, 2011	137,712	73,644	22,420	245,787
Cllr T Mngomezulu	June 01, 2011	137,712	73,644	22,420	245,787
Cllr DS Molebatsi	August 01, 2013	137,255	68,577	22,472	240,317
		<b>6,078,222</b>	<b>2,921,484</b>	<b>1,028,899</b>	<b>10,400,948</b>

### In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties and has two full-time bodyguards.

The Speaker has council owned car and body guards. The council provided a 24 hour security to the Executive Mayor, Speaker and Councillors residing in Bekkersdal and Simunye.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>34. Depreciation and amortisation</b>		
Property, plant and equipment	120,392,656	116,389,676
Intangible assets	47,691	-
	<b>120,440,347</b>	<b>116,389,676</b>

### 35. Finance costs

Interest cost- landfill site	769,432	735,253
Interest cost- defined benefit plan	4,256,000	3,434,000
Interest on external borrowings	2,745,617	2,777,506
	<b>7,771,049</b>	<b>6,946,759</b>

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to 7,771,049 (2013: 6,946,759).

### 36. Debt impairment

Bad debt written off- indigent	24,112,168	-
Contributions to debt impairment provision- fines	9,337,656	20,415,358
Contributions to debt impairment provision- consumer debtors	-	48,554,979
	<b>33,449,824</b>	<b>68,970,337</b>

Contributions to debt impairment provision relate to impairment on traffic fines amounting to R9,337,656 (2013: R20,415,358) in terms of IGRAP 1. The balance of R48,554,979 in prior year relates to debt impairment provision relating to consumer debtors.

### 37. Bulk purchases

Electricity	74,140,972	53,799,099
Water	111,367,835	91,537,852
	<b>185,508,807</b>	<b>145,336,951</b>

### 38. Contracted services

Operating Leases	2,464,617	3,226,687
Specialist Services	18,757,148	13,408,624
	<b>21,221,765</b>	<b>16,635,311</b>

Contracted services (specialist services) includes internal audit, repairs and maintenance, security and debtors collection services. Included in contracted services is an amount of **R4,216,570** for repairs and maintenance.

### 39. Interest on late payments

#### Interest paid

Eskom	9,366,081	4,438,187
Rand water	133,046	228,303
	<b>9,499,127</b>	<b>4,666,490</b>

Interest paid relates to interest charged by Eskom on the late settlement of the monthly Eskom accounts. Due to cash flow constraints the Municipality was unable to settle the Eskom accounts timeously and as a result Eskom charged the Municipality interest at a rate of 15% on arrear accounts.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>40. General expenses</b>		
Advertising	614,540	505,024
Community development HIV	-	112,936
Auditors remuneration	2,747,170	2,417,499
Bank charges	630,042	627,523
Asset infrastructure management system	-	1,000,000
Consulting and professional fees	2,554,271	7,746,764
Consumables	534,336	332,036
Data clean up GSSC	-	19,950
ISDG	371,673	1,673,449
MSIG asset management	519,200	557,332
Entertainment	646,881	377,391
Fertilizer	1,605	34,746
Gifts	-	7,500
Insurance	727,159	795,044
Conferences and seminars	5,470	34,987
EPWP	164,146	1,818,808
BURP project expenses	-	132,582
Marketing	482	96,549
Magazines, books and periodicals	-	862,751
Medical expenses	-	35,034
Packaging	330,670	222,656
Pest control	-	53,335
Fuel and oil	2,486,984	1,778,156
Postage and courier	584,116	259,696
Printing and stationery	1,008,781	1,310,852
Project maintenance costs	-	15,745
Software expenses	420,809	2,766,551
Subscriptions and membership fees	2,337,863	3,507,254
Telephone and fax	2,763,149	1,779,179
Vehicle license (DoT)	12,183,230	11,838,998
Training	305,546	-
Travel - local	35,892	218,613
Tools and equipment	11,661	-
Library expenditure (DAC funding)	558,069	1,321,772
Stock and materials	84,499	173,262
Landfill site	5,073,459	-
Rental of equipment	57,832	137,353
Security costs	3,581,582	-
Promotion of town	205,947	198,400
HIV/ AIDS	7,340	586,665
Chemicals	329,473	371,737
Other expenses	5,364,231	4,956,360
Write offs	1,877,472	-
	<b>49,125,580</b>	<b>50,684,489</b>
<b>41. Operating deficit</b>		
Operating deficit for the year is stated after accounting for the following:		
Amortisation on intangible assets	47,691	-
Depreciation on property, plant and equipment	120,392,656	116,389,676
Employee costs	134,183,464	116,495,380
Amount expensed in respect of retirement benefit plans:	10,572,610	14,852,934
Defined benefit funds	10,572,610	14,852,934
<b>42. Fair value adjustments</b>		
Investment property (Fair value model)	2,493,319	(7,386,724)

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>43. Auditors' remuneration</b>		
Fees	2,747,170	2,417,499
<b>44. Cash generated from operations</b>		
Deficit	(72,413,530)	(96,278,414)
<b>Adjustments for:</b>		
Depreciation and amortisation	120,440,347	116,389,676
Actuarial losses	3,323,610	9,070,934
Fair value adjustments	(2,493,319)	7,386,724
Dividends received	5,685,382	-
Debt impairment	33,449,824	68,970,337
Movements in retirement benefit assets and liabilities	8,261,000	53,866,000
Movements in provisions	2,345,191	12,499,773
Internal charges	(8,508,484)	(1,327,924)
Other non-cash item	17,699,587	(125,088,515)
<b>Changes in working capital:</b>		
Inventories	(10,628,801)	182,769
Other receivables from exchange transactions	723,243	3,867,948
Trade receivables from exchange transactions	(54,950,529)	15,061,031
Other receivables from non-exchange transactions	(4,131,813)	(101,153)
Payables from exchange transactions	28,234,027	66,947,522
VAT	3,090,409	(8,552,877)
Unspent conditional grants and receipts	13,340,208	2,198,811
Consumer deposits		(271,394)
	<b>83,466,352</b>	<b>124,821,248</b>
<b>45. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	25,303,988	7,168,758
This committed expenditure relates to property and will be financed by government grants and the Municipality own funding.		
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	2,565,773	651,986
- in second to fifth year inclusive	3,837,924	1,819,605
	<b>6,403,697</b>	<b>2,471,591</b>

Operating lease payments represent rentals payable by the municipality for certain of its office equipment and vehicles. Leases are negotiated for an average term of five years and rentals varies based on the prime rate. No contingent rent is payable.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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### 46. Contingencies

The following legal proceedings are currently in progress:

- An employee of the municipality was involved in collision with a vehicle driven by the palintiff. The collision took place on 4th January 2013 and it is alleged that our employee was acting within the course and scope of employment at the time of collision. Payment of the sum of R78 815 with interest of 15.5% per annum calculated from date of service of summons and costs of suit.
- The plaintiff allege that defendant during the period of 1 September 2012 to date has infringed on the plaintiff's copy right in relation with the BIQ computer program and have contravened section 3 and section 4 of the copyright Act, 1978. The plaintiff further alleges that during the period from November 2011 to February 2012, at or near Pretoria alternatively Westonaria, the plaintiff and the Defendant entered into a verbal contract which terminated on 31 August 2012. The defendant failed to pay the plaintiff accordingly for the service they have provided in terms of this contract.
- **Claim one:** The defendant be ordered to pay to the plaintiff an amount of R5 130 000 plus interest of 15.5% per annum. That the defendant be ordered to pay to the plaintiff an amount of R57 000 from the date of summons.

**Claim two:** Payment of the amount of R55 150 plus interest at the rate of 15.5% per annum calculated from 6 July 2012. Payment of the amount of R26 448 plus interest at a rate of 15.5% per annum calculated from 6 July 2012.

- **Wage curve collective agreement:** In 2009 SALGA was informed that the Municipality do not agree with signing the wage curve collective agreement due to certain observations. The municipality task job evaluation agreement and is the job evaluation results are not viable. The categorisation of the Municipality is still outstanding and could the applicable wage curve not be determined. As a result of these processes the applicable wage curve levels are not available. Therefore the amount of the obligation cannot be measured with sufficient reliability at reporting date until the finalisation of all the necessary processes.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>47. Related parties</b>		
Relationships		
Accounting Officer	Refer to accounting officer's report note	
Members of key management		
Mayor	N. Tundzi	
Speaker	S. Monoane	
Members of the Mayoral Committee	T.A. Ncube	
	G. Khoza	
	A. Gela	
	A. Ntshiba	
	M. Mkhumbuzi	
Municipal Manager	T.C. Ndlovu	
Chief Financial Officer	V.B. Mkhafa	
Executive Manager: Community Services	T. Morolo	
Executive Manager: Infrastructure	M. Machaba	
Executive Manager: Corporate Services	S. Maqhubu	
Other related parties	West Rand District Municipality (WRDM)	
	Randfontein Local Municipality (Mohlakeng sewer)	
	Venterspost Electricity	

Section 57 employees are related parties and have declared in writing that they have no contracts or interests in contracts with the municipality. Details are disclosed in note 32.

### Related party transactions

#### West Rand District Municipality (WRDM)

Balance unspent at the beginning of the year	-	6,666,705
Grants received from WRDM/ Transfers to WRDM	-	(3,490,000)
Secondment of EM: Infrastructure Services from district	720,826	-

#### Randfontein Local Municipality (Mohlakeng sewer)

Opening balance	-	4,103,169
Mohlakeng sewer service charged (purification on behalf of Randfontein Municipality)	8,692,781	-
Payments received from Randfontein Municipality	(9,402,691)	-

Shared SCM (Debtor)	-	103,738
Shared infrastructure (Creditor)	-	(567,320)

#### Venterspost Electricity

Electricity service charged	1,143,526	-
Payments received from Venterspost	(2,572,414)	-

### 48. Prior period errors

The following balances were corrected and restated as prior period error:

**Defined benefit plan:** Post retirement benefit was not calculated and recognised in the accounting records in the previous year, thus the balance of R53,866,000 will be restated.

**Payables from exchange transactions:** Payables balance per General Ledger did not agree to balance per creditors listing (creditors age analysis). After investigating the opening balance, the identified error amounted to R11,205,642.

**Provisions:** landfill site rehabilitation does not agree to experts estimate. After thorough inspection of the report from the expert, the opening balance adjustment amounts to R5,777,984.



# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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### 48. Prior period errors (continued)

**Employee costs:** expense for licensing paid over to Department of transport was classified as salaries instead of general expenses. Salaries were overstated by R11,838,998 and general expenses were understated by the same amount.

**Sale of goods and services** where not accurately calculated and there is a misstatement amounting to R7,452,091.

**Grants received** were not correctly calculated in the cash flow statements. Misstatement amounts to R10,946,935. The correct balance for grants received is R175,842,109.

**Trade and other receivables from non exchange transaction:** they were classified as exchange transactions in the previous year. The misclassification amounts to R1,624,834.

**Provisions:** year-end accruals were classified as provision for rehabilitation of landfill site (short term portion). Misclassification amounts to R465,681.

**Provisions:** short term portion provision for rehabilitation of landfill site was not correctly classified. The correct restatement amounts to R769,232.

**Defined benefit plan:** as a result of the restatement of post retirement benefits, current service costs will be classified as short term portion of the employee benefit obligation. The restatement amounts to R2,993,000.

**Investment property:** the balance per general ledger did not agree to the investment property register with an amount of R1,410,584.05. Restating the opening balance agreeing it to the prior Investment Property Register. Adjusting portion of R3,954,644 which was transferred to land inventory. The same amount appears in long term debtors for the sale of stands as it was double accounting. The initial transaction was included in revenue when the transactions took place between 1995 and 2002.

**Interest on late payments:** Restating prior year interest on late payments for Eskom and Randwater amounting to R4,666,490 as it was picked up Auditor General to be fruitless and wasteful expenditure. This has affected prior year bulk purchases.

**Property, plant and equipment:** adjusting the opening balance on costs and accumulated depreciation of all fixed assets categories based on the current fixed assets register. The net effect amounts to R258,277,980

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013			
48. Prior period errors (continued)					
Statement of financial position for the year ended June 2013	Balance per Audited AFS	Change in accounting policy	Prior period errors	Reclassification	Restated Balance
Trade and other receivables from exchange transactions	28,470,244	-	-	(3,069,844)	25,400,400
Trade and other receivables from non exchange transactions	-	-	-	3,069,844	3,069,844
Other receivables from exchange transactions	6,471,930	-	1,523,681	(1,624,834)	6,370,777
Other receivables from non exchange transactions	-	38,775,527	(1,523,681)	1,624,834	38,876,680
Property, plant and equipment	1,306,193,838	-	258,277,980	(344,659)	1,564,127,159
Investment property	72,375,448	-	(2,544,060)	-	69,831,388
Intangible assets	-	-	-	344,659	344,659
Trade and other payables from exchange transactions	(95,846,764)	-	(11,205,642)	6,721,789	(100,330,617)
Provisions	(5,455,517)	-	(769,232)	(7,187,470)	(13,412,219)
Employee benefit obligations	-	-	(2,993,000)	-	(2,993,000)
Provisions	(30,848,232)	-	(5,008,752)	465,681	(35,391,303)
Employee benefit obligations	-	-	(50,873,000)	-	(50,873,000)
Accumulated surplus	(1,250,187,519)	(18,360,169)	(173,463,041)	-	(1,441,055,494)
	31,173,428	20,415,358	11,421,253	-	63,010,039
Statement of financial performance for the year ended June 2013	Balance per Audited AFS	Change in accounting policy	Prior period errors	Reclassification	Total
Service charges	190,156,469	-	-	1,434,515	191,590,984
Fees earned	1,817,513	-	-	(1,434,515)	382,998
Other income	1,253,670	-	-	45,932	1,299,602
Fines	7,670,642	20,415,358	-	-	28,086,000
Employee related costs	(121,009,717)	-	1,818,934	13,390,073	(105,800,710)
Remuneration of councilors	(9,143,596)	-	-	(1,551,075)	(10,694,671)
Depreciation and impairment	(55,635,946)	-	(61,240,194)	-	(116,876,140)
Finance costs	(2,890,165)	-	(4,169,253)	-	(7,059,418)
Collection costs	(3,370,209)	-	-	(708,017)	(4,078,226)
Repairs and maintenance	(9,490,543)	-	-	2,174,158	(7,316,385)
Bulk purchases	(150,003,441)	-	4,666,490	-	(145,336,951)
Contracted services	(18,144,290)	-	-	1,508,978	(16,635,312)
Interest on late payments	-	-	(4,666,490)	-	(4,666,490)
General expenses	(35,828,042)	-	-	(14,860,049)	(50,688,091)
Actuarial losses	-	-	(9,070,934)	-	(9,070,934)
Fair value adjustment	(7,264,522)	-	-	-	(7,264,522)
	(211,882,177)	20,415,358	(72,661,447)	-	(264,128,266)

## 49. Comparative figures

Certain comparative figures have been reclassified.

The effects of restatement and reclassification are as follows:

**Trade and other receivables from non exchange transaction:** they were classified as exchange transactions in the previous year.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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### 49. Comparative figures (continued)

**Provisions:** year-end accruals were classified as provision for rehabilitation of landfill site (short term portion).

**Defined benefit plan:** current portion of post employment benefits were not classified in the previous year.

**Collection costs:** repairs and maintenance were classified as collection costs. Expenditure paid to TMT were classified as general expenses in prior period.

**Provision for leave:** leave provision was incorrectly classified as an accrual in the previous year.

**Contracted services:** expenditure on contracted services were classified as repairs and maintenance.

**Other income:** income was classified as expense in the previous year.

**Employee related costs:** councillors salaries were classified as employee related costs in the prior period.

#### Statement of financial position

Trade and other receivables from non exchange transactions	-	1,624,834
Trade and other receivables from exchange transactions	-	(1,624,834)
Provision for rehabilitation of landfill site- short term	-	(769,232)
Accrued expense	-	(465,681)
Provision for rehabilitation of landfill site	-	465,681
Employee benefit obligation- short term	-	(3,355,000)
Trade and other payables from exchange transactions	-	7,187,470
Provision for leave	-	(7,187,470)

#### Statement of Financial Performance

Other income	-	45,931
Employee related costs	-	1,551,075
Remuneration of councillors	-	(1,551,075)
Collection costs	-	3,171,809
Repairs and maintenance	-	2,036,783
Contracted services	-	(2,370,847)
General expenses	-	(2,883,675)

### 50. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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### 51. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 52. Unauthorised expenditure

Executive and Council	16,533,699	-
Corporate Services	18,934,092	-
Sports and recreation	1,554,307	-
Budget and treasury	69,681,068	-
Housing	241,515	-
Health	727,991	-
Environmental protection	2,520,388	-
Electricity	2,284,516	-
Waste management	1,360,805	-
	<b>113,838,381</b>	<b>-</b>

The above unauthorised expenditure within the votes is as a result of year-end accounting transactions not budgeted for. This unauthorised expenditure will be tabled in a special adjustment budget when the annual report is tabled in accordance with section 23(6) of the Budget and Reporting Regulations.

### 53. Fruitless and wasteful expenditure

Interest on arrear Eskom accounts	9,366,081	4,438,187
Interest on arrear Rand Water accounts	133,046	228,303
	<b>9,499,127</b>	<b>4,666,490</b>

Fruitless and wasteful regarding interest paid relates to interest charged by Eskom on the late settlement of the monthly Eskom accounts. Due to cash flow constraints the Municipality was unable to settle the Eskom accounts timeously and as a result Eskom charged the Municipality interest at a rate of 15% on arrear accounts.

### 54. Irregular expenditure

Opening balance	14,835,162	14,835,162
Add: Irregular Expenditure - current year	10,750,304	-
	<b>25,585,466</b>	<b>14,835,162</b>

Irregular expenditure amounting to R14 million is still under investigation by MPAC.

### 55. Supply chain management regulations - Other matters

#### Name of supplier and relationship

Altimax	810,000	-
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Altimax (shareholder is a spouse of an employee in the Department of higher education) R810,000

### 56. Awards to employees from other organs of state:

#### In terms of section 45 of SCM policy

Bigen Africa	3,003,463	6,392,100
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Awards to companies, persons or relatives that may be in the service of the state.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>57. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	1,032,469	182,689
Amount paid - current year	(1,032,469)	(182,689)
	-	-
<b>Audit fees</b>		
Opening balance	2,417,499	2,523,403
Amount paid - current year	2,747,170	2,417,499
Amount paid - previous years	(2,417,499)	(2,523,403)
	2,747,170	2,417,499
<b>PAYE and UIF</b>		
Opening balance	16,270,941	13,440,000
Amount paid - current year	13,945,700	16,270,941
Amount paid - previous years	(16,270,941)	(13,440,000)
	13,945,700	16,270,941
<b>Pension and Medical Aid Deductions</b>		
Opening balance	24,658,378	15,600,000
Amount paid - current year	34,177,512	24,658,378
Amount paid - previous years	(24,658,378)	(15,600,000)
	34,177,512	24,658,378
<b>VAT</b>		
VAT receivable	-	431,429
VAT payable	2,658,980	-
	2,658,980	431,429

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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### 57. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2014:

June 30, 2014	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor: Monoane S	516	-	516
Councillor: Mampe D	894	-	894
Councillor: Molatlhwa J	1,224	-	1,224
Councillor: Mkhumbuzi N	2,272	71	2,343
Councillor: Meraba I	668	8,945	9,613
Councillor: Mncube A	144	-	144
Councillor: Khoza G	554	-	554
Councillor: Gela A	250	-	250
Councillor: Ntshiba N	1,208	-	1,208
Councillor: Ndzipho D	318	300	618
Councillor: Turner C	116	-	116
	<b>8,164</b>	<b>9,316</b>	<b>17,480</b>

June 30, 2013	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor: Monoane S	599	-	599
Councillor: Mampe D	327	-	327
Councillor: Molatlhwa J	37	36	73
Councillor: Mkhumbuzi N	212	1,018	1,230
Councillor: De Jager PHC	2,871	-	2,871
Councillor: Meraba I	1,087	10,807	11,894
Councillor: Mncube A	245	213	458
Councillor: Khoza G	43	507	550
Councillor: Letlhake JS	217	1,991	2,208
Councillor: Gela A	60	-	60
Councillor: Ntshiba N	78	-	78
Councillor: Ndzipho D	1,014	183	1,197
Councillor: Van Graan M	956	-	956
Councillor: Turner C	832	-	832
	<b>8,578</b>	<b>14,755</b>	<b>23,333</b>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

### 58. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	19,092,538	26,866,303
Used to finance property, plant and equipment	(19,092,538)	(26,167,729)
	-	698,574
Cash set aside for the repayment of long-term liabilities	-	(811,234)
	-	<b>(112,660)</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

# Westonaria Local Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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### 59. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

The municipality deviated in terms of the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations. Refer to **Annexure H** for more details

Deviations approved in terms of section 12(1)(d)(i)	5,237,484	14,835,162
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### 60. Distribution losses

Electricity losses 25% (2013: 19.80%) Kilo watts	24,997,613	20,003,159
Street lighting (5000 X8 hrs x.25kw x 365 days) Kilo watts	(3,650,000)	-
Water losses 19% (2013: 19.49%) Kilo litres	1,091,422	1,172,293
	<b>22,439,035</b>	<b>21,175,452</b>

The summary of electricity losses for the year is 25% made up of purchases of 99,446,997 kilo watts and sales of 74,449,384 kilo watts, resulting in a loss of 24,997,613 kilo watts. The summary of water losses for the year is 19% made up of purchases of 5,798,586 kilo litres and sales of 4,707,164 kilo litres resulting in a loss of 1,091,422 kilo litres.

**Westonaria Local Municipality**  
**Appendix A**

**Schedule of external loans as at 30 June 2014**

Loan Number	Redeemable	Balance at Sunday, June 30, 2013	Received during the period	Redeemed written off during the period	Balance at Monday, June 30, 2014	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand	Rand	Rand
		-	-	-	-	-	-
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**Westonaria Local Municipality**  
**Appendix A**

**Schedule of external loans as at 30 June 2014**

Loan Number	Redeemable	Balance at Sunday, June 30, 2013	Received during the period	Redeemed written off during the period	Balance at Monday, June 30, 2014	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
		-	-	-	-	-	-
		2,508,037	275,599	981,726	1,801,910	-	-
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**Westonaria Local Municipality**  
**Appendix A**

**Schedule of external loans as at 30 June 2014**

Loan Number	Redeemable	Balance at Sunday, June 30, 2013	Received during the period	Redeemed written off during the period	Balance at Monday, June 30, 2014	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
INCA West 01-0008 @ 11.11%	West 01-0008	30/06/2017	1,579,899	166,626	500,074	1,246,451	-
INCA West 01-0009 @ 13.79%	West 01-0009	30/06/2018	3,531,215	454,695	991,114	2,994,796	-
INCA West 01-0011 @ 13.79%	West 01-0011	30/08/2015	3,566,317	402,900	1,853,147	2,116,070	-
			<b>11,738,237</b>	<b>1,327,999</b>	<b>6,040,268</b>	<b>7,025,968</b>	<b>-</b>
<b>Government loans</b>							
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
<b>Total external loans</b>							
Loan Stock			-	-	-	-	-
Structured loans			-	-	-	-	-
Funding facility			-	-	-	-	-
Development Bank of South Africa			2,508,037	275,599	981,726	1,801,910	-
Bonds			-	-	-	-	-
Other loans			12,673,941	1,142,219	3,551,500	10,264,660	-
Lease liability			-	-	-	-	-
Annuity loans			11,738,237	1,327,999	6,040,268	7,025,968	-
Government loans			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
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			-	-	-	-	-
			<b>26,920,215</b>	<b>2,745,817</b>	<b>10,573,494</b>	<b>19,092,538</b>	<b>-</b>

## Appendix D

	Prior Year	Current Year
Segmental Statement of Financial Performance for the year ended		

[illegible]

## Appendix D

### Segmental Statement of Financial Performance for the year ended Prior Year

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
459,030,774	537,523,606	(78,492,832)		489,944,368	553,019,123	(63,074,755)
Municipal Owned Entities						
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
Other charges						
-	1,327,924	(1,327,924)		-	8,508,484	(8,508,484)
-	-	-		-	-	-
(7,386,724)	9,070,934	(16,457,658)		2,493,319	3,323,610	(830,291)
<b>(7,386,724)</b>	<b>10,398,858</b>	<b>(17,785,582)</b>		<b>2,493,319</b>	<b>11,832,094</b>	<b>(9,338,775)</b>
459,030,774	537,523,606	(78,492,832)	Municipality	489,944,368	553,019,123	(63,074,755)
-	-	-	Municipal Owned Entities	-	-	-
(7,386,724)	10,398,858	(17,785,582)	Other charges	2,493,319	11,832,094	(9,338,775)
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<b>451,644,050</b>	<b>547,922,464</b>	<b>(96,278,414)</b>	<b>Total</b>	<b>492,437,687</b>	<b>564,851,217</b>	<b>(72,413,530)</b>

## Appendix E(1)

### Yearly

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Sale of goods	-	-	-	-	
Sale of goods in agricultural activities	-	-	-	-	
Rendering of services	-	-	-	-	
Rendering of services in agricultural activities	-	-	-	-	
Property rates	28,806,042	36,195,000	(7,388,958)	(20.4)	Property rates seem to have been over budgeted. The billings are being verified against the valuation roll to ensure that all properties are billed.
Service charges	212,518,781	194,694,000	17,824,781	9.2	This includes water, electricity, sewerage and Refuse removal. The revenue for electricity increased due to winter season.
	-	-	-	-	
	-	-	-	-	
Sales of housing	-	-	-	-	
Construction contracts	-	-	-	-	
Royalty income	-	-	-	-	
Rental of facilities and equipment	353,986	153,000	200,986	131.4	The municipality under budgeted for rental of facilities and equipment. Sportfields and community halls were rented out during the year under review.
Interest received (trading)	-	-	-	-	
Dividends received	-	-	-	-	
Income from agency services	-	2,933,000	(2,933,000)	100.0	The budget for income from agency fees has been included under licenses and permits.
	-	-	-	-	
	-	-	-	-	
Licences and permits	17,912,386	5,006,000	12,906,386	257.8	The Municipality budgeted based on 20% commission. It should be noted that R17 millions includes 80% that needs to be paid out to Department of Transport.
	-	-	-	-	
Fines	29,438,689	-	29,438,689	-	Fines were budgeted for under other income. The municipality did not take into account the application of IGRAP 1 to recognise fines on the accrual basis.
Public donations and contributions	5,685,382	-	5,685,382	-	These are contributions were received from Gauteng Provincial government and they were not gazetted.
	-	-	-	-	
	-	-	-	-	
Miscellaneous other revenue	-	-	-	-	
Administration and management fees received	-	-	-	-	
Fees earned	402,893	-	402,893	-	The municipality budgeted for fees earned under other income.
Commissions received	-	-	-	-	
Royalties received	-	-	-	-	
Rental income	-	-	-	-	
Discount received	-	-	-	-	
Recoveries	-	-	-	-	
Other income 1	-	-	-	-	
Other income 2	-	-	-	-	
Financial instruments - Fee income	-	-	-	-	
Other income	2,434,111	46,769,000	(44,334,889)	(94.8)	Fines, reversal of impairment and fees earned were budgeted under other income.
Reversal of impairment	22,721,903	-	22,721,903	-	Reversal of impairment was budgeted for under other income.
Other farming income 2	-	-	-	-	
Other farming income 3	-	-	-	-	

## Appendix E(1)

### Yearly

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Other farming income 4	-	-	-	-	
Other farming income	-	-	-	-	
Government grants	117,224,870	115,514,000	1,710,870	1.5	This includes roll-overs arising from prior year which has been recognised as revenue.
Interest received - investment	852,249	578,000	274,249	47.4	The municipality under budget interest received from investment. The municipality has R20 million investments at 30 June 2014.
Interest income-outstanding receivables	5,342,868	-	5,342,868	-	The municipality has adjusted interest from outstanding receivables during adjustment stage since the municipality stopped charging interest on long outstanding receivables.
Dividends received	-	-	-	-	
	443,694,160	401,842,000	41,852,160	10.4	
<b>Expenses</b>					
Personnel	(123,782,514)	(123,040,000)	(742,514)	0.6	Actual is in line with the budget.
Manufacturing - Employee costs	-	-	-	-	
Remuneration of councillors	(10,400,948)	(9,290,000)	(1,110,948)	12.0	There was a back pay with regards to upper limits adjustments.
Administration	-	-	-	-	
Internal charges	(8,508,484)	-	(8,508,484)	-	The municipality did not budget for internal charges as they are filtered within the related expense we would normally pay to supplier.
Depreciation	(120,368,662)	(62,529,000)	(57,839,662)	92.5	Actual is in line with the budget. Variance less than 10%.
Impairment	-	-	-	-	
Amortisation	(71,685)	-	(71,685)	-	This was taken into account when budgeting for depreciation.
Impairments	-	-	-	-	
Reversal of impairments	-	-	-	-	
Finance costs	(7,771,048)	(15,070,000)	7,298,952	(48.4)	Interest on late payments was taken into account when budgeting for finance costs.
Debt impairment	(33,449,824)	(20,497,000)	(12,952,824)	63.2	
Collection costs	(4,450,689)	-	(4,450,689)	-	Collection costs were budgeted for under general expenses.
Repairs and maintenance	-	-	-	-	
- Manufacturing expenses	-	-	-	-	
Repairs and maintenance - General	(4,114,689)	-	(4,114,689)	-	Repairs and maintenance were budgeted for under general expenses.
Repairs and maintenance - General	-	-	-	-	
Bulk purchases	(185,508,806)	(161,670,000)	(23,838,806)	14.7	The Municipality has incurred water and electricity losses. Water losses is 19% and electricity losses is 25%.
Contracted Services	(21,221,765)	(10,016,000)	(11,205,765)	111.9	Contracted services were adjusted during the adjustment stage due to the financial crises the municipality was facing at that point in time.
Interest on late payments	(9,499,127)	-	(9,499,127)	-	This was already budgeted for under finance costs.
Cost of housing sold	-	-	-	-	
General Expenses	(49,125,579)	(31,744,000)	(17,381,579)	54.8	There are write offs which were incurred during the financial and has been disclosed under general expenditure. The change in provision for landfill site has been disclosed under general expenditure and it was not budgeted for.
Other materials	-	(456,000)	456,000	100.0	The actual expenditure was incurred under general expenses.
Other expenditure	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	

## Appendix E(1)

### Yearly

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Other (taken out of General expenses)	-	-	-	-	
Other revenue and costs	(578,273,820)	(434,312,000)	(143,961,820)	33.1	
Gain or loss on disposal of assets and liabilities	-	-	-	-	
Grants- capital	72,829,312	72,482,000	347,312	0.5	Actual is in line with the budget. Variance is less than 10%.
Fair value adjustments	2,493,319	-	2,493,319	-	There were properties not meeting definition of investment property which were transferred out.
Gains or losses on biological assets and agricultural produce	-	-	-	-	
Actuarial losses	(3,323,610)	-	(3,323,610)	-	Actuarial gains and losses were not taken into account when 2012/13 budget was compiled.
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-	
Taxation	-	-	-	-	
Discontinued operations	-	-	-	-	
	71,999,021	72,482,000	(482,979)	(0.7)	
Net surplus/ (deficit) for the year	(62,580,639)	40,012,000	(102,592,639)	256.4	

## Appendix E(2)

### Budget Analysis of Capital Expenditure as at 30 June 2014

	Yearly		Yearly		Explanation of significant variances from budget
	Additions	Revised Budget	Variance	Variance	
	Rand	Rand	Rand	%	
<b>Municipality</b>					
Executive & Council/Mayor and Council	-	-	-	-	
Finance & Admin/Finance	3,105,000	3,105,000	-	-	
Planning and Development/Economic Development/Plan	-	-	-	-	
Health/Clinics	4,451,000	4,451,000	-	-	
Comm. & Social/Libraries and archives	600,000	600,000	-	-	
Housing	-	-	-	-	
Public Safety/Police	101,000	101,000	-	-	
Sport and Recreation	15,947,000	15,947,000	-	-	
Environmental Protection/Pollution Control Waste Water Management/Sewerage	2,471,000	2,471,000	-	-	
Road Transport/Roads	13,816,000	13,816,000	-	-	
Water/Water Distribution	23,014,000	23,978,000	964,000	4	
Electricity /Electricity Distribution	13,325,000	13,325,000	-	-	
Other/Air Transport	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	<b>76,830,000</b>	<b>77,794,000</b>	<b>964,000</b>	<b>1</b>	
<b>Municipal Owned Entities</b>					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	<b>207</b>	<b>-</b>	<b>(207)</b>	<b>-</b>	
<b>Other charges</b>					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	



**Appendix F**  
**Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003**

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts			Quarterly Expenditure				Grants and Subsidies delayed / withheld		Reason for delay/withholding of funds
		Sep	Dec	Mar	Sep	Dec	Mar	Jun	Jun	Jun	
Municipal Infrastructure grant	Department Cooperative Governance and Traditional Affairs	10,575,000	-	65,165,000	6,252,283	12,982,713	3,477,952	33,067,292	-	13,338,000	Additional funds received from CoGTA for projects to be executed in the new financial year. Slow in spending
Infrastructure Skills development grant	Department Cooperative Governance and Traditional Affairs	3,000,000	-	-	-	91,715	183,347	-	-	2,724,938	
Municipal Systems Improvement Grant	National Treasury	890,000	-	-	370,800	173,067	-	346,133	-	-	
Integrated Electrification Programme	Energy	11,982,000	1,018,000	-	11,982,000	1,018,000	-	-	-	-	
Department of arts and culture Library grant		1,600,000	-	-	1,600,000	-	-	-	-	-	
Extended public works programme		1,100,000	-	-	-	-	-	-	-	-	
Gauteng pronical health Equitable share		400,000	300,000	300,000	192,000	300,000	300,000	208,000	-	-	
		850,052	-	-	-	-	-	-	-	-	
		43,732,000	34,986,000	26,239,000	43,732,000	34,986,000	26,239,000	-	-	-	

Financial Management Grant	National Treasury	1,300,000						1,300,000	
		75,429,052	36,304,000	91,704,000	64,129,083	49,551,495	30,200,299	34,921,425	16,062,938

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

# Westonaria Local Municipality

## Appendix G1

### Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended June 30, 2014

2014/2013										2013/2012					
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		Rand	Rand	Rand	Rand	Rand	Rand	
Revenue - Standard															
Governance and administration	136,126,000	18,948,000	155,074,000	-	155,074,000	305,149,000		150,075,000	197 %	224 %				-	
Executive and council	74,923,000	(74,923,000)	-	-	-	98,216,000		98,216,000	DIV/0 %	131 %				-	
Budget and treasury office	57,838,000	93,871,000	151,709,000	-	151,709,000	206,933,000		55,224,000	136 %	358 %				-	
Corporate services	3,365,000	-	3,365,000	-	3,365,000	-		(3,365,000)	- %	- %				-	
Community and public safety	8,759,000	242,000	9,001,000	-	9,001,000	37,851,000		28,850,000	421 %	432 %				18,000	
Community and social services	3,308,000	28,000	3,336,000	-	3,336,000	3,234,000		(102,000)	97 %	98 %				-	
Sport and recreation	51,000	(41,000)	10,000	-	10,000	18,000		8,000	180 %	35 %				-	
Public safety	5,200,000	210,000	5,410,000	-	5,410,000	33,646,000		28,236,000	622 %	647 %				-	
Housing	-	-	-	-	-	-		-	DIV/0 %	DIV/0 %				-	
Health	200,000	45,000	245,000	-	245,000	953,000		708,000	389 %	477 %				18,000	
Economic and environmental services	19,946,000	(14,802,000)	5,144,000	-	5,144,000	11,953,000		6,809,000	232 %	60 %				-	
Planning and development	16,536,000	(16,436,000)	100,000	-	100,000	3,844,000		3,744,000	3,844 %	23 %				-	
Road transport	3,410,000	1,634,000	5,044,000	-	5,044,000	-		(5,044,000)	- %	- %				-	
Environmental protection	-	-	-	-	-	8,109,000		8,109,000	DIV/0 %	DIV/0 %				-	
Trading services	255,630,000	(60,937,000)	194,693,000	-	194,693,000	168,004,000		(26,689,000)	86 %	66 %				-	
Electricity	102,599,000	(21,106,000)	81,493,000	-	81,493,000	72,352,000		(9,141,000)	89 %	71 %				-	
Water	130,085,000	(30,731,000)	99,354,000	-	99,354,000	83,412,000		(15,942,000)	84 %	64 %				-	
Waste water management	16,853,000	(14,519,000)	2,334,000	-	2,334,000	12,240,000		9,906,000	524 %	73 %				-	
Waste management	6,093,000	5,419,000	11,512,000	-	11,512,000	-		(11,512,000)	- %	- %				-	
Other	37,928,000	-	37,928,000	-	37,928,000	-		(37,928,000)	- %	- %				-	
Other	37,928,000	-	37,928,000	-	37,928,000	-		(37,928,000)	- %	- %				-	
Total Revenue - Standard	458,389,000	(56,549,000)	401,840,000	-	401,840,000	522,957,000		121,117,000	130 %	114 %				18,000	

# Westonaria Local Municipality

## Appendix G1

### Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended June 30, 2014

	2014/2013								2013/2012						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration	109,168,000	22,683,000	131,851,000	-	-	131,851,000	135,155,000	-	3,304,000	103 %	124 %	-	-	-	-
Executive and council	45,898,000	(27,567,000)	18,331,000	-	-	18,331,000	34,865,000	-	16,534,000	190 %	76 %	-	-	-	-
Budget and treasury office	29,639,000	58,936,000	88,575,000	-	-	88,575,000	100,290,000	-	11,715,000	113 %	338 %	-	-	-	-
Corporate services	33,631,000	(8,686,000)	24,945,000	-	-	24,945,000	-	-	(24,945,000)	- %	- %	-	-	-	-
Community and public safety	50,118,000	(9,835,000)	40,283,000	-	-	40,283,000	63,026,000	-	22,743,000	156 %	126 %	-	-	-	-
Community and social services	21,054,000	(3,919,000)	17,135,000	-	-	17,135,000	43,949,000	-	26,814,000	256 %	209 %	-	-	-	-
Sport and recreation	3,358,000	(2,008,000)	1,350,000	-	-	1,350,000	2,904,000	-	1,554,000	215 %	86 %	-	-	-	-
Public safety	20,970,000	(1,340,000)	19,630,000	-	-	19,630,000	13,025,000	-	(6,605,000)	66 %	62 %	-	-	-	-
Housing	2,331,000	(1,333,000)	998,000	-	-	998,000	1,240,000	-	242,000	124 %	53 %	-	-	-	-
Health	2,405,000	(1,235,000)	1,170,000	-	-	1,170,000	1,908,000	-	738,000	163 %	79 %	-	-	-	-
Economic and environmental services	37,197,000	(2,634,000)	34,563,000	-	-	34,563,000	41,207,000	-	6,644,000	119 %	111 %	-	-	-	-
Planning and development	16,516,000	1,596,000	18,112,000	-	-	18,112,000	16,743,000	-	(1,369,000)	92 %	101 %	-	-	-	-
Road transport	17,899,000	(3,980,000)	13,919,000	-	-	13,919,000	10,721,000	-	(3,198,000)	77 %	60 %	-	-	-	-
Environmental protection	2,782,000	(250,000)	2,532,000	-	-	2,532,000	13,743,000	-	11,211,000	543 %	494 %	-	-	-	-
Trading services	251,452,000	(23,837,000)	227,615,000	-	-	227,615,000	273,116,000	-	45,501,000	120 %	109 %	-	-	-	-
Electricity	90,119,000	(8,962,000)	81,157,000	-	-	81,157,000	101,244,000	-	20,087,000	125 %	112 %	-	-	-	-
Water	128,384,000	(8,832,000)	119,552,000	-	-	119,552,000	161,389,000	-	41,837,000	135 %	126 %	-	-	-	-
Waste water management	13,917,000	672,000	14,589,000	-	-	14,589,000	10,483,000	-	(4,106,000)	72 %	75 %	-	-	-	-
Waste management	19,032,000	(6,715,000)	12,317,000	-	-	12,317,000	-	-	(12,317,000)	- %	- %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure - Standard	447,935,000	(13,623,000)	434,312,000	-	-	434,312,000	512,504,000	-	78,192,000	118 %	114 %	-	-	-	-
Surplus/(Deficit) for the year	10,454,000	(42,926,000)	(32,472,000)	-		(32,472,000)	10,453,000		42,925,000	(32)%	100 %				18,000

**Westonaria Local Municipality**  
**Appendix G2**  
**Budgeted Financial Performance (revenue and expenditure by municipal vote)**  
**for the year ended June 30, 2014**

2014/2013										2013/2012				
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote														
Executive council - Vote 1	74,923,000	(74,923,000)	-		-	98,216,000		98,216,000	DIV/0 %	131 %				-
Budget and Treasury Vote 2	57,838,000	93,871,000	151,709,000	-	151,709,000	206,933,000		55,224,000	136 %	358 %				-
Corporate Services - Vote 3	41,293,000	-	41,293,000	-	41,293,000	-		(41,293,000)	- %	- %				-
Community Services - Vote 4	3,308,000	28,000	3,336,000	-	3,336,000	3,234,000		(102,000)	97 %	98 %				-
Sports and recreation - Vote 5	51,000	(41,000)	10,000	-	10,000	18,000		8,000	180 %	35 %				-
Public Safety - Vote 6	5,200,000	210,000	5,410,000	-	5,410,000	33,646,000		28,236,000	622 %	647 %				-
Housing - Vote 7	-	-	-	-	-	-		-	DIV/0 %	DIV/0 %				574,950,210
Health - Vote 8	200,000	45,000	245,000	-	245,000	953,000		708,000	389 %	477 %				-
Planning and Development - Vote 9	16,536,000	(16,436,000)	100,000	-	100,000	-		(100,000)	- %	- %				-
Roads and Transport - Vote 10	3,410,000	1,634,000	5,044,000	-	5,044,000	3,844,000		(1,200,000)	76 %	113 %				-
Environmental protection - Vote 11	-	-	-	-	-	8,109,000		8,109,000	DIV/0 %	DIV/0 %				574,950,210
Electricity - Vote 12	102,599,000	(21,106,000)	81,493,000	-	81,493,000	72,352,000		(9,141,000)	89 %	71 %				-
Water - Vote 13	130,085,000	(30,731,000)	99,354,000	-	99,354,000	83,412,000		(15,942,000)	84 %	64 %				-
Water and Water waste management - Vote 14	16,853,000	(14,519,000)	2,334,000	-	2,334,000	12,240,000		9,906,000	524 %	73 %				-
Waste management - Vote 15	6,093,000	5,419,000	11,512,000	-	11,512,000	-		(11,512,000)	- %	- %				-
Total Revenue by Vote	458,389,000	(56,549,000)	401,840,000	-	401,840,000	522,957,000		121,117,000	130 %	114 %				1,149,900,420
Expenditure by Vote to be appropriated														
Executive council - Vote 1	45,898,000	(27,567,000)	18,331,000	-	-	18,331,000	34,865,000	-	16,534,000	190 %	76 %	-	-	-
Budget and Treasury Vote 2	29,639,000	58,936,000	88,575,000	-	-	88,575,000	100,290,000	-	11,715,000	113 %	338 %	-	-	-
Corporate Services - Vote 3	33,631,000	(8,686,000)	24,945,000	-	-	24,945,000	-	-	(24,945,000)	- %	- %	-	-	-
Community Services - Vote 4	21,054,000	(3,919,000)	17,135,000	-	-	17,135,000	43,949,000	-	26,814,000	256 %	209 %	-	-	-
Sports and recreation - Vote 5	3,358,000	(2,008,000)	1,350,000	-	-	1,350,000	2,904,000	-	1,554,000	215 %	86 %	-	-	-
Public Safety - Vote 6	20,790,000	(1,340,000)	19,450,000	-	-	19,450,000	13,025,000	-	(6,425,000)	67 %	63 %	-	-	-
Housing - Vote 7	2,331,000	(1,333,000)	998,000	-	-	998,000	1,240,000	-	242,000	124 %	53 %	-	-	-
Health - Vote 8	2,405,000	(1,235,000)	1,170,000	-	-	1,170,000	1,908,000	-	738,000	163 %	79 %	-	-	-
Planning and Development - Vote 9	16,516,000	1,596,000	18,112,000	-	-	18,112,000	16,743,000	-	(1,369,000)	92 %	101 %	-	-	-
Roads and Transport - Vote 10	17,899,000	(3,980,000)	13,919,000	-	-	13,919,000	10,721,000	-	(3,198,000)	77 %	60 %	-	-	-
Environmental protection - Vote 11	2,782,000	(250,000)	2,532,000	-	-	2,532,000	13,743,000	-	11,211,000	543 %	494 %	-	-	-
Electricity - Vote 12	90,119,000	(8,962,000)	81,157,000	-	-	81,157,000	101,244,000	-	20,087,000	125 %	112 %	-	-	-
Water - Vote 13	128,384,000	(8,832,000)	119,552,000	-	-	119,552,000	161,389,000	-	41,837,000	135 %	126 %	-	-	-
Water and Water waste management - Vote 14	13,917,000	672,000	14,589,000	-	-	14,589,000	10,483,000	-	(4,106,000)	72 %	75 %	-	-	-
Waste management - Vote 15	19,032,000	(6,715,000)	12,317,000	-	-	12,317,000	-	-	(12,317,000)	- %	- %	-	-	-
Total Expenditure by Vote	447,755,000	(13,623,000)	434,132,000	-	-	434,132,000	512,504,000	-	78,372,000	118 %	114 %	-	-	-
Surplus/(Deficit) for the year	10,634,000	(42,926,000)	(32,292,000)	-		(32,292,000)	10,453,000		42,745,000	(32)%	98 %			1,149,900,420

**Westonaria Local Municipality**  
**Appendix G3**  
**Budgeted Financial Performance (revenue and expenditure)**  
**for the year ended June 30, 2014**

2014/2013											2013/2012				
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		Rand	Rand	Rand	Rand	Rand	Rand	
Revenue By Source															
Property rates	36,195,209	-	36,195,209	-		36,195,209	27,647,144	(8,548,065)	76 %	76 %				31,401,676	
Property rates - penalties & collection charges	-	-	-	-		-	-	-	DIV/0 %	DIV/0 %				-	
Service charges - electricity revenue	102,599,000	(21,106,000)	81,493,000	-		81,493,000	57,665,947	(23,827,053)	71 %	56 %				51,068,726	
Service charges - water revenue	130,085,000	(30,731,000)	99,354,000	-		99,354,000	126,799,930	27,445,930	128 %	97 %				113,670,896	
Service charges - sanitation revenue	16,853,000	(14,519,000)	2,334,000	-		2,334,000	-	(2,334,000)	- %	- %				-	
Service charges - refuse revenue	6,093,000	5,419,000	11,512,000	-		11,512,000	9,618,928	(1,893,072)	84 %	158 %				6,546,016	
Service charges - other	-	-	-	-		-	18,433,976	18,433,976	DIV/0 %	DIV/0 %				20,305,348	
Rental of facilities and equipment	153,000	-	153,000	-		153,000	353,986	200,986	231 %	231 %				386,870	
Interest earned - external investments	578,000	-	578,000	-		578,000	6,195,117	5,617,117	1,072 %	1,072 %				14,798,501	
Interest earned - outstanding debtors	17,523,000	(17,523,000)	-	-		-	-	-	DIV/0 %	- %				-	
Dividends received	-	-	-	-		-	-	-	DIV/0 %	DIV/0 %				-	
Fines	5,202,000	210,000	5,412,000	-		5,412,000	20,764,700	15,352,700	384 %	399 %				28,086,000	
Licences and permits	19,908,000	(14,902,000)	5,006,000	-		5,006,000	17,912,386	12,906,386	358 %	90 %				17,024,009	
Agency services	-	2,933,000	2,933,000	-		2,933,000	-	(2,933,000)	- %	DIV/0 %				-	
Transfers recognised - operational	115,514,000	-	115,514,000	-		115,514,000	111,380,907	(4,133,093)	96 %	96 %				126,912,409	
Other revenue	7,686,000	33,671,000	41,357,000	-		41,357,000	41,052,226	(304,774)	99 %	534 %				(5,704,123)	
Gains on disposal of PPE	-	-	-	-		-	-	-	DIV/0 %	DIV/0 %				-	
Total Revenue (excluding capital transfers and contributions)	458,389,209	(56,548,000)	401,841,209	-		401,841,209	437,825,247	35,984,038	109 %	96 %				404,496,328	

**Westonaria Local Municipality**  
**Appendix G3**  
**Budgeted Financial Performance (revenue and expenditure)**  
**for the year ended June 30, 2014**

	2014/2013								2013/2012						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type															
Employee related costs	126,583,000	(3,543,000)	123,040,000	-	-	123,040,000	123,782,514	-	742,514	101 %	98 %	-	-	-	105,800,709
Remuneration of councillors	10,865,000	(1,575,000)	9,290,000	-	-	9,290,000	10,400,948	-	1,110,948	112 %	96 %	-	-	-	10,694,671
Debt impairment	20,497,000	-	20,497,000	-	-	20,497,000	33,449,824	-	12,952,824	163 %	163 %	-	-	-	68,970,337
Depreciation & asset impairment	8,529,000	54,000,000	62,529,000	-	-	62,529,000	120,440,347	-	57,911,347	193 %	1,412 %	-	-	-	116,389,676
Finance charges	9,301,000	5,769,000	15,070,000	-	-	15,070,000	7,771,048	-	(7,298,952)	52 %	84 %	-	-	-	6,946,759
Bulk purchases	183,470,000	(21,800,000)	161,670,000	-	-	161,670,000	185,508,806	-	23,838,806	115 %	101 %	-	-	-	145,336,951
Other materials	792,000	(336,000)	456,000	-	-	456,000	-	-	(456,000)	- %	- %	-	-	-	-
Contracted services	13,017,000	(3,001,000)	10,016,000	-	-	10,016,000	21,221,765	-	11,205,765	212 %	163 %	-	-	-	16,635,311
Transfers and grants	-	-	-	-	-	-	9,499,127	-	9,499,127	DIV/0 %	DIV/0 %	-	-	-	4,666,490
Other expenditure	74,880,000	(43,137,000)	31,743,000	-	-	31,743,000	61,249,334	-	29,506,334	193 %	82 %	-	-	-	59,246,833
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure	447,934,000	(13,623,000)	434,311,000	-	-	434,311,000	573,323,713	-	139,012,713	132 %	128 %	-	-	-	534,687,737
Surplus/(Deficit)	40,455,200	(40,035,000)	(32,469,791)	-	-	(32,469,791)	(435,488,466)	-	(403,038,675)	417 %	(4,386)%	-	-	-	(430,404,480)
Transfers recognised - capital	72,482,000	(72,482,000)	-	-	-	-	-	-	-	DIV/0 %	- %	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	5,685,382	-	5,685,382	DIV/0 %	DIV/0 %	-	-	-	1,594,276
Contributed assets	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	82,937,209	(115,407,000)	(32,469,791)	-	-	(32,469,791)	(129,813,084)	-	(9,127,292)	400 %	(157)%	-	-	-	(128,597,133)
Taxation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) after taxation	82,937,209	(115,407,000)	(32,469,791)	-	-	(32,469,791)	(129,813,084)	-	(9,127,292)	400 %	(157)%	-	-	-	(128,597,133)
Attributable to minorities	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) attributable to municipality	82,937,209	(115,407,000)	(32,469,791)	-	-	(32,469,791)	(129,813,084)	-	(9,127,292)	400 %	(157)%	-	-	-	(128,597,133)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	(3,323,610)	-	(3,323,610)	DIV/0 %	DIV/0 %	-	-	-	(9,070,934)
Surplus/(Deficit) for the year	82,937,209	(115,407,000)	(32,469,791)	-	-	(32,469,791)	(133,136,694)	-	(10,450,902)	410 %	(161)%	-	-	-	(137,668,067)

# Westonaria Local Municipality

## Appendix G4

### Budgeted Capital Expenditure by vote, standard classification and funding for the year ended June 30, 2014

	2014/2013							2013/2012							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Single-year expenditure															
Executive and council - Vote 1	560,000	(560,000)	-	-	-	-	3,105,000	-	3,105,000	DIV/0 %	554 %	-	-	-	-
Budget and treasury - Vote 2	4,285,000	(1,785,000)	2,500,000	-	-	2,500,000	-	-	(2,500,000)	- %	- %	-	-	-	-
Corporate services - Vote 3	1,755,000	(1,150,000)	605,000	-	-	605,000	-	-	(605,000)	- %	- %	-	-	-	-
Community services - Vote 4	800,000	(200,000)	600,000	-	-	600,000	600,000	-	-	100 %	75 %	-	-	-	-
Sports and recreation - Vote 5	8,526,000	7,420,000	15,946,000	-	-	15,946,000	15,947,000	-	1,000	100 %	187 %	-	-	-	-
Public safety - Vote 6	245,000	(144,000)	101,000	-	-	101,000	101,000	-	-	100 %	41 %	-	-	-	-
Housing - Vote 7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health - Vote 8	3,822,000	630,000	4,452,000	-	-	4,452,000	4,451,000	-	(1,000)	100 %	116 %	-	-	-	-
Planning and development - Vote 9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Roads and transport - Vote 10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection - Vote 11	5,000,000	8,816,000	13,816,000	-	-	13,816,000	13,816,000	-	-	100 %	276 %	-	-	-	-
Electricity - Vote 12	13,000,000	325,000	13,325,000	-	-	13,325,000	13,325,000	-	-	100 %	103 %	-	-	-	-
Water - Vote 13	24,232,000	(255,000)	23,977,000	-	-	23,977,000	23,978,000	-	1,000	100 %	99 %	-	-	-	-
Water and waste management - Vote 14	19,109,000	(16,838,000)	2,271,000	-	-	2,271,000	2,471,000	-	200,000	109 %	13 %	-	-	-	-
Wastemanagement - Vote 15	1,260,000	(1,060,000)	200,000	-	-	200,000	-	-	(200,000)	- %	- %	-	-	-	-
Capital single-year expenditure sub-total	82,594,000	(4,801,000)	77,793,000	-	-	77,793,000	77,794,000	-	1,000	100 %	94 %	-	-	-	-
Total Capital Expenditure - Vote	82,594,000	(4,801,000)	77,793,000	-	-	77,793,000	77,794,000	-	1,000	100 %	94 %	-	-	-	-



# Westonaria Local Municipality

## Appendix G4

### Budgeted Capital Expenditure by vote, standard classification and funding for the year ended June 30, 2014

2014/2013										2013/2012					
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Capital Expenditure - Standard															
Governance and administration	6,600,000	(3,495,000)	3,105,000	-	-	3,105,000	-	-	(3,105,000)	- %	- %	-	-	-	
Executive and council	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Budget and treasury office	4,845,000	(2,345,000)	2,500,000	-	-	2,500,000	-	-	(2,500,000)	- %	- %	-	-	-	
Corporate services	1,755,000	(1,150,000)	605,000	-	-	605,000	-	-	(605,000)	- %	- %	-	-	-	
Community and public safety	13,393,000	7,706,000	21,099,000	-	-	21,099,000	-	-	(21,099,000)	- %	- %	-	-	-	
Community and social services	800,000	(200,000)	600,000	-	-	600,000	-	-	(600,000)	- %	- %	-	-	-	
Sport and recreation	8,526,000	7,420,000	15,946,000	-	-	15,946,000	-	-	(15,946,000)	- %	- %	-	-	-	
Public safety	245,000	(144,000)	101,000	-	-	101,000	-	-	(101,000)	- %	- %	-	-	-	
Housing	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Health	3,822,000	630,000	4,452,000	-	-	4,452,000	-	-	(4,452,000)	- %	- %	-	-	-	
Economic and environmental services	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Planning and development	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Road transport	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Environmental protection	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Trading services	57,601,000	(17,828,000)	39,773,000	-	-	39,773,000	-	-	(39,773,000)	- %	- %	-	-	-	
Electricity	13,000,000	325,000	13,325,000	-	-	13,325,000	-	-	(13,325,000)	- %	- %	-	-	-	
Water	24,232,000	(255,000)	23,977,000	-	-	23,977,000	-	-	(23,977,000)	- %	- %	-	-	-	
Waste water management	19,109,000	(16,838,000)	2,271,000	-	-	2,271,000	-	-	(2,271,000)	- %	- %	-	-	-	
Waste management	1,260,000	(1,060,000)	200,000	-	-	200,000	-	-	(200,000)	- %	- %	-	-	-	
Other	5,000,000	8,816,000	13,816,000	-	-	13,816,000	-	-	(13,816,000)	- %	- %	-	-	-	
Other	5,000,000	8,816,000	13,816,000	-	-	13,816,000	-	-	(13,816,000)	- %	- %	-	-	-	
Total Capital Expenditure - Standard	82,594,000	(4,801,000)	77,793,000	-	-	77,793,000	-	-	(77,793,000)	- %	- %	-	-	-	
Funded by:															
National Government	59,282,000	13,000,000	72,282,000	-		72,282,000	-		(72,282,000)	- %	- %			-	
Provincial Government	200,000	-	200,000	-		200,000	-		(200,000)	- %	- %			-	
District Municipality	-	-	-	-		-	-		DIV/0 %	DIV/0 %				-	
Other transfers and grants	13,000,000	(13,000,000)	-	-		-	-		DIV/0 %	- %				-	
Transfers recognised - capital	72,482,000	-	72,482,000	-		72,482,000	-		(72,482,000)	- %	- %			-	
Public contributions & donations	-	-	-	-		-	-		DIV/0 %	DIV/0 %				-	
Borrowing	2,565,000	-	2,565,000	-		2,565,000	-		(2,565,000)	- %	- %			-	
Internally generated funds	7,547,000	(4,801,000)	2,746,000	-		2,746,000	-		(2,746,000)	- %	- %			-	
Total Capital Funding	82,594,000	(4,801,000)	77,793,000	-		77,793,000	-		(77,793,000)	- %	- %			-	

# Appendix G5

## Budgeted Cash Flows

### for the year ended June 30, 2014

	2014/2013					2013			
	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Receipts									
Ratepayers and other	240,145,000	26,828,000	266,973,000	266,973,000	325,648,531	58,675,531	122 %	136 %	310,475,054
Government - operating	115,514,000	-	115,514,000	115,514,000	139,626,711	24,112,711	121 %	121 %	114,423,793
Government - capital	72,482,000	-	72,482,000	72,482,000	72,829,312	347,312	100 %	100 %	63,012,592
Interest	4,258,000	(3,908,000)	350,000	350,000	852,249	502,249	243 %	20 %	550,750
Other income	-	-	-	-	11,685,097	11,685,097	DIV/0 %	DIV/0 %	1,299,602
Payments									
Suppliers and employees	(337,438,000)	15,000,000	(322,438,000)	(322,438,000)	(418,616,161)	(96,178,161)	130 %	124 %	(309,282,525)
Finance charges	(9,301,000)	(5,769,000)	(15,070,000)	(15,070,000)	(12,244,944)	2,825,056	81 %	132 %	(7,443,996)
Transfers and Grants	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used operating activities	85,660,000	32,151,000	117,811,000	117,811,000	119,780,795	1,969,795	102 %	140 %	173,035,270
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	251,000	-	251,000	251,000	-	(251,000)	- %	- %	-
Decrease (Increase) in non-current debtors	481,000	-	481,000	481,000	-	(481,000)	- %	- %	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Capital assets	(82,594,000)	4,801,000	(77,793,000)	(77,793,000)	(80,743,188)	(2,950,188)	104 %	98 %	(100,424,456)
Net cash flow from/used investing activities	(81,862,000)	4,801,000	(77,061,000)	(77,061,000)	(80,743,188)	(3,682,188)	105 %	99 %	(100,424,456)
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	14,000,000
Increase (decrease) in consumer deposits	324,000	-	324,000	324,000	-	(324,000)	- %	- %	(271,393)
Payments									
Repayment of borrowing	(10,194,000)	-	(10,194,000)	(10,194,000)	(7,792,125)	2,401,875	76 %	76 %	(7,640,522)
Net cash flow from/used financing activities	(9,870,000)	-	(9,870,000)	(9,870,000)	(7,792,125)	2,077,875	79 %	79 %	6,088,085
Net increase/(decrease) in cash held									
Cash/cash equivalents at the year begin:	(6,072,000)	36,952,000	30,880,000	30,880,000	31,245,482	365,482	101 %	(515)%	78,698,899
					13,059,520				(29,996,792)
Cash/cash equivalents at the year end:	(6,072,000)	36,952,000	30,880,000	30,880,000	44,305,002	365,482	143 %	(730)%	